AFRICA RECOVERY

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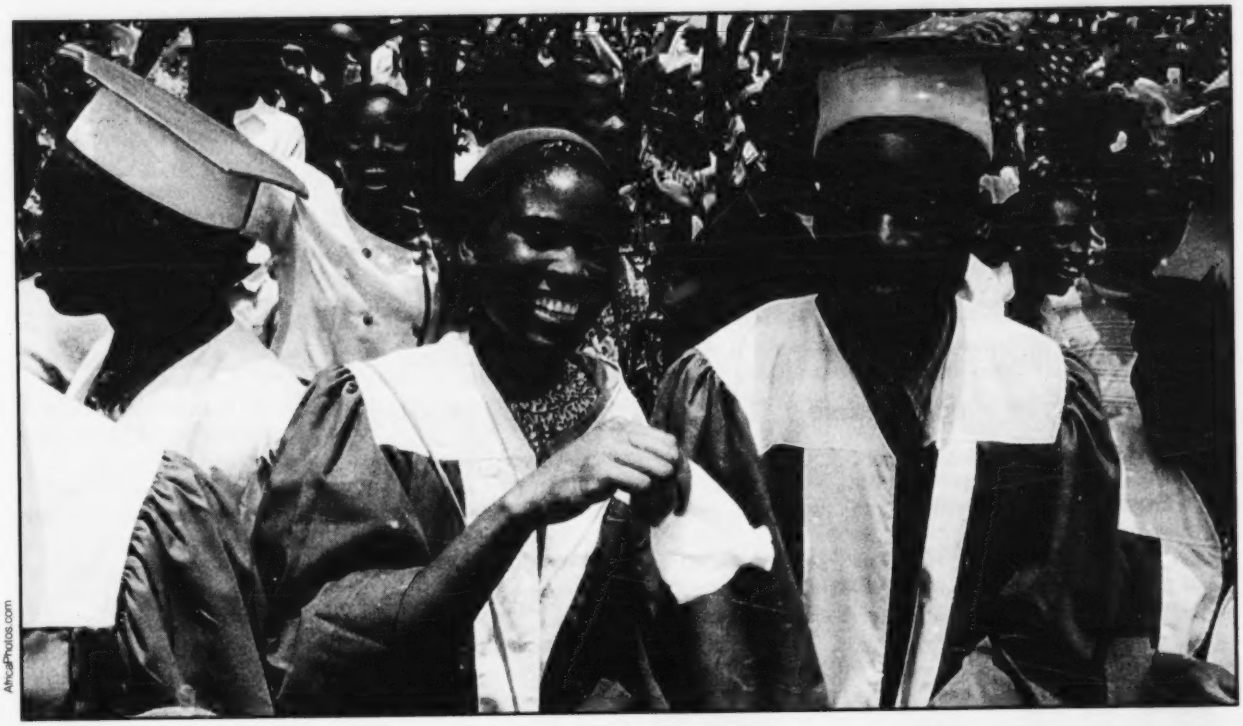

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Reversing Africa's 'brain drain'

New initiatives tap skills of African expatriates

By ***Gumisai Mutume***

For thousands of Africans living overseas and seeking ways to contribute to the development of the continent, initiatives aimed at staunching the outflow of professional expertise are offering new possibilities. Now, more than ever before, there exists "a major opportunity to transform the historical brain drain ... into a new African 'brain trust'," notes Mr. John Sarpong of the Digital Diaspora Network Africa.

He was among 130 heads of technology firms, non-profit organizations and UN agencies who launched the network in July 2002 as part of a resurgence of initiatives to reverse the loss of professional skills from Africa. Among those being targeted are scientists, medical doctors, engineers, university lecturers, economists, information technologists and other highly skilled people in short supply on the continent.

Some initiatives use the Internet to attract skilled workers — like the thousands of South African doctors living in Canada — and make it easier for them to provide services to patients back home. Other programmes hope to entice skilled professionals to actually return to Africa.

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UNHCR / B. Heger

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More G-8 promises for Africa

Some extra aid, but no new trade concessions

A year after leaders of the Group of Eight (G-8) industrialized countries adopted an "Africa Action Plan," they again took up the continent's predicament during their annual summit, held this year in Evian, France. "Africa is a continent of challenges," French President Jacques Chirac said at the 1-3 June meeting. "Currently, it is the only continent that is slipping backward in terms of external trade."

Mr. Chirac recognized that the New Partnership for Africa's Development (NEPAD), adopted by African leaders in 2001, "is the sole response to this African challenge," and that therefore it will be a recurrent element on the G-8 agenda. This was despite the G-8 leaders' preoccupations with Iraq, terrorism, nuclear proliferation and the state of the world economy, which dominated the main summit sessions.

Five African presidents were invited to Evian to take part in an "enlarged" session, which included the G-8 leaders and several heads of state from Latin America and Asia. The five from Africa are all central promoters of NEPAD: Presidents Thabo Mbeki of South Africa, Olusegun Obasanjo of Nigeria, Abdoulaye Wade of Senegal, Abdelaziz Bouteflika of Algeria and Hosni Mubarak of Egypt. They also took part in a special dialogue on NEPAD, with UN Secretary-General Kofi Annan joining in.

President Obasanjo remarked that he and his colleagues were "generally satisfied" with the G-8 countries' efforts on Africa since their last summit in Kananaskis, Canada. President Wade hinted that more could have been expected, but added, "It's necessary to be realistic." He also expressed "all my sympathy" with the tens of thousands of civil society activists who protested the G-8 summit, especially those "who believe that Africa has made enormous efforts but has not benefited from its labours."

Office of the French President

At Evian (from left): UK Prime Minister Tony Blair, Presidents Abdoulaye Wade (Senegal), Olusegun Obasanjo (Nigeria), Jacques Chirac (France) and Thabo Mbeki (South Africa).

Additional aid

The G-8 leaders' "personal representatives" on Africa submitted a report on the implementation of the previous summit's Africa Action Plan. It catalogued various initiatives on aid, debt relief, investment promotion, health, education and other areas. Towards the Kananaskis goal of increasing G-8 aid to Africa by an additional $6 bn per year by 2006:

- France will increase its official development assistance (ODA) to Africa from €2.3 bn in 2002 to an estimated €3 bn this year. This is part of France's aim to raise its ODA, as a share of gross domestic product, from 0.32 per cent in 2001 to 0.5 per cent in 2007.
- Italy has pledged to raise its share from 0.2 per cent in 2002 to 0.33 per cent in 2006, and Germany from 0.27 per cent to 0.33 per cent over the same period.
- The UK seeks to boost its share from 0.32 per cent in 2001 to 0.4 per cent in 2005/06, and to reach the goal of providing at least £1 bn in direct ODA to Africa by 2006.
- The US government will raise its aid requests to Congress from $1.3 bn in fiscal year 2004 to $5 bn by fiscal 2006.
- Canada has begun to increase its aid allocations by 8 per cent annually, towards a goal of doubling it by 2010.
- Japan already has provided about $700 mn to Africa for basic human needs, as part of its commitment at the 1998 Tokyo International Conference on African Development (see page 17). It also has committed more than $1 bn for infrastructure development in Africa, beginning in 2003.

On debt, the Russian Federation cancelled $3.4 bn of African debt in 2002, while 22 African countries are set to benefit from $32 bn in debt relief under the Heavily Indebted Poor Countries (HIPC) initiative.

Conflict, famine and trade

Responding to the proliferation of armed conflicts in Africa — and as part of the G-8's general concern for global security — the African and G-8 leaders adopted a joint plan to enhance African capacities to undertake peace operations. Among other measures, it projects the creation, equipping and training of African multinational standby brigades by 2010, under the direction of the African Union and sub-regional African organizations.

The G-8 leaders also approved separate action plans on water and health, both of which prominently highlighted Africa's needs. A plan on famine focused mainly on Africa, and emphasized that combating famine requires both short-term emergency relief and longer-term efforts to promote rural development, fight HIV/AIDS and improve governance.

However, Mr. Phil Twyford, spokesman of Oxfam, a UK-based non-governmental development organization, maintained that the G-8 famine plan was "completely empty." He noted that it did not address the problem of the high agricultural subsidies that Europe and the US pay to their own farmers, a practice that tends to flood world markets with agricultural surpluses and depresses the prices that African farmers receive for their crops.

The issue of subsidies came up in the discussions among G-8 leaders, but no breakthroughs were achieved (although a few weeks later the European Union did indicate greater willingness to consider eventually reducing some of its subsidies). Commenting on the impasse at the summit, President Wade called Northern agricultural subsidies "a great injustice that is against the interests of Africans."

The Senegalese president noted that while Africans did not get everything they wanted from the G-8 summit, "We are not bitter, since we cannot act politically with bitterness. But we do have the will to make ourselves heard. We are defending the interests of Africa with the means we have." ■

Tackling conflict on a regional scale

Difficult peace efforts in West Africa's 'dangerous neighbourhood'

The multitude of armed conflicts in West Africa can only be adequately resolved if those working for peace adopt a regional perspective, declared representatives of 15 West African countries at an extraordinary summit in Abuja, Nigeria, on 28 May. As one concrete step in that direction, leaders of the Economic Community of West African States (ECOWAS) vowed to activate standby units in each of their armies to facilitate the creation of a rapid response force for quick intervention when conflicts first erupt.

"We do not have a standing army," observed Mr. Ralph Uwechue, the ECOWAS chairman's special representative in Côte d'Ivoire. Therefore, a separate peacekeeping force now needs to be set up each time there is a crisis, as the regional grouping has already done several times — in Liberia, Sierra Leone, Guinea-Bissau and now Côte d'Ivoire. Such an ad hoc approach often entails delays. In addition, Mr. Uwechue said, better regional mechanisms are needed as well to mediate disputes before they erupt into open warfare. "Prevention is better than cure."

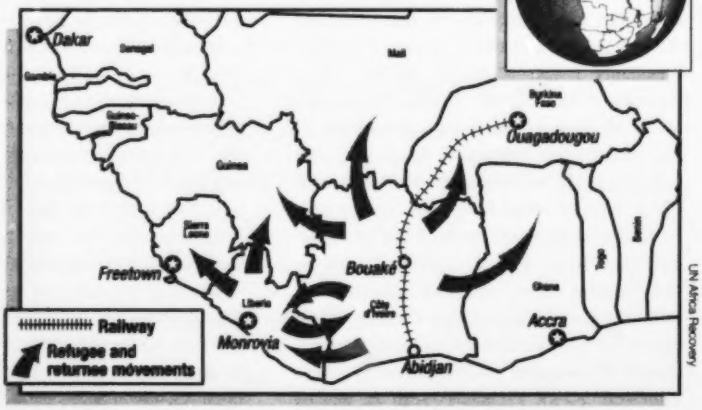
With a renewed escalation of fighting in Liberia, continued instability in Côte d'Ivoire, Sierra Leone only recently emerging from civil war and large numbers of refugees and displaced people creating a major humanitarian emergency, there clearly is a need for a more active and integrated initiative to restore peace and security across West Africa, "a dangerous neighbourhood," as UN Under-Secretary-General Ibrahim Gambari terms it.

Just as ECOWAS leaders are moving towards regional solutions, so must the UN, Mr. Gambari told the Security Council on 30 May. "Regional dimensions of conflicts in Africa must be taken fully into account in United Nations efforts to resolve conflicts in the continent," he said. Mr. Gambari urged the Council to consider measures to enhance the capacity of African regional organizations to better undertake peace operations.

The lessons of earlier peacekeeping operations in Africa, Mr. Gambari said, point toward the need "to explore further the linkages between peace and security on the one hand, and social and economic development on the other." That relationship is a major element in the New Partnership for Africa's Development (NEPAD), the development strategy adopted by African leaders in 2001. Mr. Gambari's Office of the Special Adviser on Africa has the responsibility, among other tasks, of coordinating the UN system's support for NEPAD.

Greater attention to social and economic development is vital for ensuring that old conflicts do not break out anew. "The failure of the international community to engage in serious efforts to consolidate peace in Central African Republic, Liberia and Guinea-Bissau after the end of the earlier peacekeeping operations," he told the Security Council, was one factor in the relapse into conflict in those countries. Most immediately, he recommended an assessment of Sierra Leone's vulnerability following the projected withdrawal of the UN peacekeeping mission there.

Such efforts have been made easier by the new determination of African leaders, through NEPAD, the ECOWAS summit and other recent initiatives, to more actively pursue peace. "It is true that the primary responsibility for resolving conflicts in Africa lies with the Africans themselves," Mr. Gambari said. And there is growing evidence "that the Africans are serious in their commitment to ensure peace and security." ■



UN Africa Recovery

Timelines

Sierra Leone

March 1991:	Revolutionary United Front (RUF) launches war from Liberian border. ECOWAS dispatches military force.
February 1992:	Army relinquishes power to elected president, Mr. Ahmad Tejan Kabbah.
1997-98	Army again seizes power, joins forces with RUF, but ECOWAS force returns Mr. Kabbah to office.
1999	Despite peace agreement, war continues. UN establishes mission.
April-May 2000	Rebels suffer military reversals.
January-May 2002	Disarmament of 45,000 fighters completed. Mr. Kabbah wins elections.

Liberia

1989-92:	Multi-sided civil war brings death of President Samuel Doe. ECOWAS sends a military force.
August 1992:	Peace treaty among warring factions.
July 1997:	Rebel leader Charles Taylor is elected president.
1999:	Attacks by anti-Taylor rebel groups along Guinean border.
June 2003:	President Taylor attends peace talks in Ghana, as Special Court in Sierra Leone indicts him for war crimes.

Côte d'Ivoire

December 1999:	Coup by General Robert Guei.
October 2000:	Disputed and violent elections, with Laurent Gbagbo emerging as president.
September 2002:	Mutiny of troops sparks civil war. ECOWAS sets up contact group and approves military force.
15-23 January 2003:	Talks in Marcoussis, France, bring peace agreement.
March 2003:	Meeting in Accra agrees on composition of coalition government.
13 May 2003:	Security Council establishes UN Mission in Côte d'Ivoire (MINUCI).

Demands mount for Liberian peace

Country is at "epicentre" of regional instability

By **John Nyamu**

Reflecting the impossible predicament facing many people in West Africa, Liberia today provides precarious refuge to thousands of people who have sought to flee conflict in their homelands — at the same time that hundreds of thousands of Liberians are running in the opposite direction to escape civil war in their own country, the second in just over a decade.

"Liberia remains the epicentre of the continuing endemic instability which is gravely affecting the political, humanitarian and security landscape not only in the Mano River Union subregion [Guinea, Liberia and Sierra Leone], but also throughout much of West Africa," said UN Secretary General Kofi Annan in a 2 June report to the UN Security Council.

With calls increasing for an international peacekeeping force in Liberia, Mr. Annan proposed to the Security Council that one of its permanent members lead such a force. "There are lots of expectations that the US may be prepared to lead this force," the Secretary-General said.

Similarly, Mr. Mohamed Ibn Chambas, secretary-general of the Economic Community of West African States (ECOWAS), said a force is needed to separate the warring sides in Liberia. "We can provide the manpower, but we need material support and participation of some of the members of the Security Council, especially the United States of America."

Those pressing the US to step in have repeatedly stressed the country's longstanding ties with Liberia, going back to the latter's founding by freed US slaves repatriated to Africa in 1847. The US government has indicated it is considering options for possible involvement.

'At the heart'

Reiterating that Liberia is "at the heart" of West Africa's turmoil, Mr. Ali Mukhtar Farah, the UN humanitarian coordinator for the country, told *Africa Recovery* in May that unless the situation there is brought under control, peace and reconciliation efforts in Sierra Leone also may be in jeopardy. Liberian President Charles Taylor is widely blamed for much of the turmoil in West Africa during the last decade, including rebellions in Sierra Leone and Guinea and most recently in Côte d'Ivoire. Liberia's newest exports are young fighters eager to take part in any regional conflict offering the possibility of payment.

Amid Liberia's chaos, child soldiers are again being recruited by various armed groups.

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Mr. Taylor in turn accuses neighbouring countries' governments of supporting the rebel groups Liberians United for Reconciliation and Democracy (LURD) and the Movement for Democracy in Liberia (MODEL). A panel of experts established by the UN Security Council has documented Guinean support for LURD, including the use of its territory as a supply route for arms and supplies, apparently in retaliation for Liberian backing for Guinean anti-government groups. The panel also found evidence that the Ivorian government is backing MODEL.

These Liberian rebel groups renewed their offensive in early June, soon after peace talks in Ghana broke down. Around the same time, a UN-backed special court for Sierra Leone indicted Mr. Taylor on charges of crimes against humanity arising from his alleged support for the brutal insurgency in that country during the 1990s.

'The dollar and the diamond'

Another aspect of the conflict is the recruitment of child soldiers, particularly from camps housing refugees and internally displaced persons. The youths are often recruited by force or enticed with the promise of loot.

Besides government and rebel forces, armed groups of mercenaries roam the subregion in search of booty, according to Mr. Farah. They operate across national borders and have no particular political agenda. "They are after the dollar and the diamond," he said, referring to the diamond fields of Sierra Leone, control of which enabled that country's main rebel group to wage war.

The fighting in Liberia has made it harder for humanitarian agencies to help many of the civilian victims, Mr. Farah said, but they still have access to more than 200,000 displaced Liberians, 60 per cent of them around Monrovia, the capital. There are also about 95,000 Ivorian refugees as well as nationals from Burkina Faso, Mali, Nigeria and Ghana who fled the conflict in Côte d'Ivoire. Both government troops and rebels have targeted humanitarian supplies and aid workers. "Everything is on hold until the government provides security," Mr. Farah added.

The external and domestic pressures on Mr. Taylor's government are mounting. In March 2001 the UN Security Council imposed an arms embargo and travel sanctions. Earlier this year, it renewed the restrictions and extended them to include sales of timber, one of the country's key exports.

US President George W. Bush has called on Mr. Taylor to step down. But many have expressed uncertainties that the Liberian leader's removal from office, by itself, would necessarily bring peace. The rebel forces have shown little evidence of a political programme beyond ousting the president, and equally little regard for civilians during their intense bombardment of Monrovia's suburbs.

The residents of Monrovia also have been increasingly clamouring for peace. On 27 June, hundreds of anti-war demonstrators blocked President Taylor's motorcade. That same day, a crowd rallied outside the US embassy, calling for an international peacekeeping mission and shouting, "We want peace!" ■

Fragile peace in Côte d'Ivoire

Coalition government sets to work amid continuing tensions

UNHCR / M. Kamber

From one conflict to another: Liberian refugees fleeing war in Côte d'Ivoire.

By **Ernest Harsch**

Nearly a year after civil war erupted in Côte d'Ivoire, the country's contending political and military forces are taking tentative steps towards peace. Fighting has ceased in most of the country, except for a few parts along the western border with Liberia. In mid-June, for the first time, all ministers of the new government of national reconciliation participated in a cabinet meeting, to approve a "life-saver" budget.

Behind the scenes, technical commissions, established as part of a wide-ranging peace agreement negotiated in January in Marcoussis, France, are addressing the conflict's underlying political and social causes. Under the direction of Prime Minister Seydou Diarra, they are reviewing legislation defining Ivorian nationality and the status of foreign immigrants, who make up about a quarter of the total population of 16 million. They also are looking at the electoral code, enforcement of human rights and contentious land tenure laws.

But this process remains fragile. "We're in a very delicate phase," says UN Special Representative for Côte d'Ivoire Albert Tévoédjrè. As the government-owned daily *Fraternité Matin* put it in June, Ivorians are living in an atmosphere of "neither war nor peace."

The country is still effectively partitioned, with the northern half and parts of the west under the control of rebel groups and the south in the hands of the regular army, loyal to President Laurent Gbagbo. The army and rebel groups have agreed to confine themselves to designated locations, but actual disarmament may not begin until the end of August, by the most optimistic projections.

Relations remain strained among the political forces comprising the coalition government: Mr. Gbagbo's party, the rebel alliance known as the Forces Nouvelles and the opposition parties. There is still no agreement on the nomination of a defence minister. In early June, the president of the National Assembly, who is a leader of Mr. Gbagbo's party, compounded the tensions by calling on Ivorians to respond with "civil disobedience" to the seven rebel ministers in the government.

From stability to turmoil

For decades, Côte d'Ivoire was one of Africa's most politically stable countries. Its productive industries and agriculture attracted large numbers of migrants from other West African countries. But following the death of the long-governing President Félix Houphouët-Boigny in 1993, power struggles erupted. These were heightened by new nationality laws and eligibility conditions for participation in national elections, which residents of foreign origin or from Côte d'Ivoire's northern region regarded as discriminatory. Immigrants, especially from neighbouring Burkina Faso, suffered attacks by groups seeking to evict them from land they had long inhabited and farmed.

In December 1999, General Robert Guei led a coup that overthrew Mr. Houphouët-Boigny's successor, President Henri Konan Bédié. A presidential election in October 2000 was marked by the exclusion of a major contender (former Prime Minister Alassane Ouattara, from the north) and by fighting between partisans of General Guei and Mr. Gbagbo, which claimed scores of lives. The Supreme Court ultimately declared Mr. Gbagbo the winner. Efforts over the next two years to reconcile the different parties failed to end the tensions. On 19 September 2002, groups of soldiers launched simultaneous attacks in Abidjan, Bouaké and Korhogo. Loyalist forces regained control of Abidjan, as General Guei and members of his family were assassinated. But the rebels, calling themselves the Mouvement Patriotique de la Côte d'Ivoire (MPCI), held Bouaké and expanded control over the entire north. Later, two smaller rebel groups emerged in the west, the Mouvement Populaire du Grand-Ouest (MPIGO) and the Mouvement pour la Justice et la Paix (MJP).

Many people were killed in the fighting between rebels and loyalists and about 750,000 Ivorians were displaced. Government claims that the rebels were backed by Burkina Faso and Liberia contributed to further attacks against foreigners, prompting hundreds of thousands of immigrants and refugees to flee the country. In Abidjan, security forces burned down poor neighbourhoods largely inhabited by immigrants.

Regional and international action

Alarmed by the crisis, regional and international actors soon initiated mediation efforts. The Economic Community of West African States (ECOWAS) promoted talks among the Ivorian factions and authorized the dispatch of West African peacekeepers, which by June numbered some 1,300 troops, with several hundred more on the way. France, Côte d'Ivoire's former colonial ruler and one of the five permanent members of the UN Security Council, dispatched some 3,900 troops and hosted the Marcoussis talks.

The UN has supported these initiatives and taken its own action. The Security Council condemned the use of force, urged the parties to seek consensus and expressed concern about reports of mass killings.

turn to page 8

Ivorian war sends regional shockwaves

Transport routes, trade and migrant labour flows severely disrupted

By **Ernest Harsch**

The railway line running from Côte d'Ivoire's port city of Abidjan to Ouagadougou, more than 1,200 kilometres away in neighbouring Burkina Faso, is one of the oldest and most visible symbols linking the countries of the region. For decades, trains carried tonnes of goods and hundreds of passengers each way on a daily basis. But soon after war erupted in Côte d'Ivoire on 19 September 2002, the engines ground to a halt. Suddenly, markets in northern Côte d'Ivoire, Burkina, Mali, Niger and other countries were deprived of essential imports. Farmers, livestock herders and manufacturers in the region could not use the railway — or the roads — through Côte d'Ivoire to transport their goods to distant markets. More than 1,800 railway workers on both sides of the border no longer got their pay cheques.

By March, some in Burkina were becoming desperate. First in Bobo-Dioulasso and then in Koudougou, scores of railway workers' wives marched through the streets shouting "We're hungry!" and carrying empty pots and rice sacks to dramatize their plight. Industrialists and merchants whose businesses have suffered from the cut-off in trade appealed for emergency support.

With the formal establishment of a government of national reconciliation in Côte d'Ivoire, railway officials began promising that the trains would start running again by the end of April. But it was not until 22 May that the first train, carrying fertilizer and cement, actually travelled under heavy military escort from Abidjan to Ferkessedougou, in rebel-held northern Côte d'Ivoire. Youth groups supporting Ivorian President Laurent Gbagbo had tried to block the train earlier that day by tearing up a small section of the track, to symbolize their opposition to the peace accords.

To many local observers, the prospects for reestablishing — and keeping open — this vital West African transport link will remain as uncertain as the Ivorian peace process itself. The economic health of much of the region depends on the success of that effort. Without peace in Côte d'Ivoire, worries Malian Finance Minister Bassari Touré, "practically our entire economy will need to be reoriented."

At a time when the eight countries of the francophone West African regional group known as the Union économique et monetaire ouest-africain (UEMOA) have been moving towards closer economic ties with each other, the Ivorian crisis has become "a source of macroeconomic instability for the entire Union," notes Mr. Charles Konan Banny, governor of the West African central bank. "The uncertainties that it raises may divert the dynamic of integration and affect the Union's viability. The crisis cannot be allowed to persist."

A stalled 'engine of growth'

For decades, Côte d'Ivoire was one of the most politically stable and economically vibrant countries in Africa. Its agriculture is highly productive, making it the world's single largest exporter of cocoa and Africa's largest exporter of coffee (and fourth or fifth in the world). Compared with many other African countries, it also has a relatively diversified manufacturing sector.

Getty Images / AFP / Issouf Sanogo

West African peacekeepers guard the Abidjan railway, a vital regional transport route halted by the war.

The economic opportunities this offered, combined with Côte d'Ivoire's initially welcoming attitude to immigrants from other African countries, made the country a magnet for labour from throughout the region. Non-Ivorians are estimated at around 3-4 million — or a quarter of the country's total population. More than half that number are from Burkina Faso alone, including the descendants of immigrants who first arrived during the French colonial era and have lived in Côte d'Ivoire all their lives. Through their hard work on the country's plantations, docks and industries, these migrant workers, in turn, contributed significantly to Côte d'Ivoire's economic "miracle."

As Mr. Banny notes, some of the benefits of this success flowed back to the rest of the region, and made Côte d'Ivoire a "regional pole of growth." It contributed through migrant labour remittances, the supply of manufactured goods, the creation of local markets for agricultural and livestock exports from neighbouring countries and the use of its ports, railway and roads to facilitate regional travel and exchange.

The sheer size of its economy ensured that Côte d'Ivoire, as long as it was economically healthy, would provide a measure of regional economic stability. It contributes nearly 40 per cent of the combined gross national products of the entire UEMOA group (see graph, page 8). It also claims a quarter of UEMOA's total population, accounts for 30 per cent of its investments and 40 per cent of its budgetary receipts, provides 57 per cent of its exports and takes 36 per cent of its imports.

But by the last few years of the 1990s, growing domestic political conflict, combined with downturns in the world prices for cocoa and coffee, seriously undermined the Ivorian economy. The country's economic growth rate declined drastically, and since 2000 has been stagnant or negative. While Côte d'Ivoire's GDP growth once buoyed the average for UEMOA as a whole, for a half decade now it has depressed the regional rate (see graph, page 8).

The situation since the outbreak of civil war in September 2002 has been especially dire. In March, the International Monetary Fund (IMF) estimated that the conflict had brought Côte d'Ivoire's GDP growth rate down to zero for the

year as a whole. But Mr. Banny, citing central bank estimates, reports that the Ivorian GDP actually contracted by 1.3 per cent during the year, bringing UEMOA's average down to 2.6 per cent (from a pre-conflict projection of 4 per cent). Analysts at the Economist Intelligence Unit in London agree with Mr. Banny's estimate for 2002, and project an additional decline of 1.9 per cent for Côte d'Ivoire this year, even if the peace accords prevent a further deterioration of the situation.

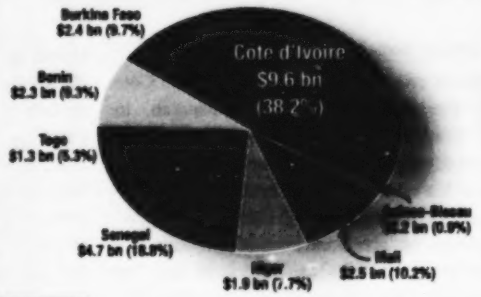
This contraction will in turn depress growth in those neighbouring countries that are most heavily dependent on economic relations with Côte d'Ivoire — although the precise impact is not easy to isolate from other factors affecting growth. Burkina's Prime Minister Ernest Paramanga Yonli reported to parliament in March that growth in 2002 reached 4.6 per cent, a full percentage point less than the year before. Only part of the decline was a result of the disruptions caused by the Ivorian conflict, with stagnant cereal production also playing a major role. Before the September 2002 events in Côte d'Ivoire, the Burkinabè authorities projected a highly ambitious growth rate of 7-8 per cent for this year, but in March the World Bank forecasted that it might reach only 2.6 per cent.

Mali, which is less extensively affected than Burkina, managed to maintain a reasonable 4.5 per cent growth rate in 2002, and may reach 4.0 per cent this year. Niger saw its growth drop to 2.9 per cent last year (compared with 5.8 per cent the year before), but this may rise to 3.5 per cent this year if the Ivorian peace holds and weather conditions are favourable.

Refugees and 'returnees'

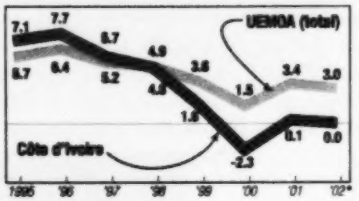
For many countries in West Africa, the conflict in Côte d'Ivoire, coming on top of those in Liberia and Sierra Leone, has added to an already bewildering pattern of population movements, as villagers flee rebel or government troops or attacks by other villagers. Some have sought sanctuary in refugee or transit centres. Others have managed to return to the safety of their home countries.

Gross national products of UEMOA members
(US$ bn, 2001)



Source: UN Africa Recovery from IMF data.

Côte d'Ivoire growth stalls
GDP growth, annual % change



* Estimate

Source: UN Africa Recovery from IMF data.

According to the UN Office for the Coordination of Humanitarian Affairs (OCHA), some half a million people left Côte d'Ivoire between September and April. This was in addition to another 750,000 people who were displaced within the country.

As in other spheres, Burkina was hit the hardest. Even before the outbreak of the most recent fighting last year, tens of thousands of Burkinabè had already returned home to escape attacks by Ivorian groups intent on driving out foreigners or to claim land farmed by immigrants. But since September the number has soared beyond 200,000. About half have been aided by the Burkinabè government's official repatriation campaign, known as Operation Bayili, receiving a few days of food rations and immediate medical care before going back to their home villages. The rest returned home on their own, sometimes walking long distances.

"We had to leave without our things, without even a single franc," said Gilbert Kaboré, a kola nut merchant in the Ivorian town of Bouaké, who made his way back to Burkina on foot,

Fragile peace

from page 6

At a 25 January ceremony in Paris to ratify the Marcoussis accord, Secretary-General Kofi Annan encouraged Ivorians to "reconnect with the peaceful history of their country so that it may continue to be an engine of integration and progress in West Africa." Noting that the peace process "is still fragile," he urged Ivorians to work hard to ensure its consolidation and called on the international community to support Côte d'Ivoire's recovery.

The UN Office for the Coordination of Humanitarian Affairs, the World Food Programme, the UN High Commissioner for Refugees and other institutions have been assisting refugees, repatriates and displaced people within Côte d'Ivoire and in neighbouring countries. Mr. Tévoédjrè, the UN special representative, has sought to help reconcile the Ivorian contenders, in close coordination with the ECOWAS mediation efforts. The UN is working with Ivorian media to highlight journalists' rights and obligations in conflict situations.

Human rights is a high priority. In December, then UN High Commissioner for Human Rights Sergio Vieira de Mello warned all parties in Côte d'Ivoire that their conduct was under close scrutiny and that major rights violators will eventually be brought to justice. A fact-finding mission, headed by the then deputy — and now acting — high commissioner, Mr. Bertrand Ramcharan, visited Côte d'Ivoire later that month. The mission found evidence of death squads linked to individuals close to the authorities in Abidjan, reports of mass graves in parts of the country held by both rebels and loyalist forces and other rights violations.

On 13 May, the UN Security Council approved the creation of the UN Mission in Côte d'Ivoire (MINUCI) to help monitor and assist in implementing the peace accords. It includes a small military liaison group (26 officers, with the possibility of adding another 50) to help the ECOWAS and French forces monitor the ceasefire and disarmament process. It also will help Mr. Tévoédjrè's work on political, legal, electoral, media, humanitarian and human rights issues.

In establishing MINUCI, the Security Council emphasized that peace is vital not only for Côte d'Ivoire. Action also is needed because of "the regional dimension of the conflict and its consequences for neighbouring states." ■

through the forests to avoid armed checkpoints on the roads.

In some of Burkina's western provinces, thousands of returning students have crammed into already overcrowded classrooms, further increasing teachers' workloads and eroding the quality of education. Many more workers have joined the ranks of Burkina's unemployed. In Nimpouy and other rural areas, returnees have set up new villages and farms, sometimes encroaching on established farmlands and contributing to land disputes and ethnic tensions.

By early April, nearly 100,000 people had crossed the Ivorian border into Guinea, nearly 60,000 of them Guineans and the rest from Côte d'Ivoire, Liberia and other countries, OCHA estimates. This has added to instability along Guinea's southern borders, including with Liberia. Some 40,000 Liberian refugees who previously had been in camps in Côte d'Ivoire were impelled to cross back into Liberia, along with nearly 38,000 Ivorians and thousands of other nationals, contributing to the chaos of Liberia's own civil war (see page 5).

By end-March, about 40,000 Malians working in Côte d'Ivoire had also returned home. Ghana, which had fewer nationals in Côte d'Ivoire to begin with, only registered about 3,000 returnees by late February, but provided refuge to several thousand Ivorians and permitted more than 55,000 citizens of Burkina, Mali and Niger to pass through Ghanaian territory on their way back home.

UNHCR / B.Heger

More than a million Ivorians and nationals of neighbouring countries have been forced to flee the fighting.

Trade disrupted

On top of the costs of repatriating their nationals, Mali and Burkina have also been hurt by the severance of trade with their southern neighbour. In normal times, Mali obtained 30 per cent of its imports directly from Côte d'Ivoire, while 20 per cent of Burkina's imports were Ivorian. Both countries also depended on Ivorian markets for their exports, 10 per cent in the case of Mali and 12 per cent for Burkina. The percentages climb much higher when goods from other countries that normally transit through Côte d'Ivoire are included.

The closure of Côte d'Ivoire's borders and the halt to all railway traffic immediately cut off these countries' imports. Construction materials ordered by Burkinabè companies were left stranded in Abidjan. A motorcycle assembly plant that depended on Ivorian parts had to lay off workers and Burkina's largest flour mill had to shut down entirely because it could no longer get grain from Côte d'Ivoire. In western Burkina, food and other basic consumer goods usually supplied from Côte d'Ivoire were abruptly unavailable, and local market prices shot up.

Consumers in Mali, which usually obtains about 80 per cent of its imports from or through Côte d'Ivoire, saw a rise in the prices of cooking oil, soap and other goods. Niger's construction industry has suffered from the halt to Ivorian iron, lumber and paint imports. Even Benin, which has its own port and depends largely on imports from neighbouring Nigeria, has been hit by the cut-off in Ivorian manufactured goods and refined oil (11 per cent of its fuel imports came from Abidjan).

The disruption of regional export trade has been just as serious. Livestock herders in Burkina, Mali and Niger depended heavily on Ivorian markets for their sales. Burkina's prime minister reports that the country's total cattle and animal product exports fell by 65 per cent because of the Ivorian crisis. Mali's cattle exports have halted almost completely. OCHA warns that this has severely hurt the incomes of Mali's Fula, Tuareg and other herders, who tend to feel socially excluded and have in the past resorted to armed insurgency against the central government

Both Mali and Burkina also relied heavily on the railway and Abidjan's modern port to move their cotton exports. With that route interrupted, they moved quickly in trying to switch to alternative road connections to ports in Ghana, Togo, Benin and Senegal. But for a bulky product like cotton, road transport is more costly than rail, an expense that is compounded by the longer distances involved. According to Mr. Toussaint Houeninvo, an economic analyst in Cotonou, Benin, these additional transport costs have lost Burkina nearly $7 mn on its cotton exports through Cotonou.

In addition, alternative transport and handling capacity is inadequate. Some of the roads are in poor shape, not enough heavy trucks are available and the Ghanaian and Togolese ports have become congested. Senegal has planned to further modernize Dakar's port and develop the city's industrial base, as a regional competitor with Abidjan. But as Mr. Houeninvo notes, a bigger regional role for Dakar "requires processing and support capacities that Senegal doesn't yet have."

Finances undermined

Historically, relative financial stability has been one of the strengths of the UEMOA group, which shares a common currency, the CFA franc, managed by the West African central bank headquartered in Dakar and buoyed by a fixed rate of exchange with the euro. This has contributed to relatively low levels of inflation and to efforts by the group's member states to harmonize their customs, tax and fiscal policies. The outbreak of the Ivorian crisis prompted some media speculation about the possibility of another devaluation of the CFA franc, similar to one in 1994, but Mr. Banny and other officials discount such a threat for the time being.

Nevertheless, the economic disturbances caused by the Ivorian conflict have weakened the financial position of those countries most directly affected. Mr. Banny estimates that Burkina and Mali each lost about CFA20 bn (nearly $30 mn) in government revenues during the last quarter of 2002 — taxes, customs duties

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Africa struggles for global attention

Concern that Iraq focus will be at continent's expense

By ***Gumisai Mutume***

Concern is growing among governments, policymakers and civil society groups that the international community is sidelining African priorities as it focuses on the crisis in Iraq. "My appeal to the main donors is that while they should attend to the reconstruction of Afghanistan and Iraq, Africa is also in dire need of resources to get rid of poverty, to be able to get safe water, to get education and so on," Ugandan Finance Minister Gerald Ssendaula said during a recent visit to Washington, DC. UN Deputy Emergency Relief Coordinator Carolyn McAskie reinforced these concerns at a New York press conference in May. Drawing attention to Africa's "forgotten emergencies," she recalled that last year international donor focus was on Afghanistan, before that Kosovo and now Iraq.

Since the September 2001 attacks on the US, the government of President George W. Bush and its allies markedly shifted their foreign policy emphasis towards fighting international terrorism. Subsequently they waged two wars — removing the ruling Taliban in Afghanistan and President Saddam Hussein in the oil-rich Persian Gulf state of Iraq. Now, massive resources are being ploughed into humanitarian assistance and reconstruction in the two countries.

In March, the World Food Programme (WFP) launched its single biggest humanitarian appeal ever — for $1.6 bn to assist Iraq's 27 million people — as part of a broader UN effort. Five days later, the WFP, which depends on donations for its programmes, announced that it had received "a mammoth $260 mn from the US," and that Germany had donated $6.5 mn and Canada $4.2 mn. By June, donors had pledged the full amount required by the WFP for Iraq.

Meanwhile, the WFP's long-standing emergency appeal for $1.8 bn to feed 40 million people in Africa was greeted with less enthusiasm and remains $1 bn short. In April, WFP Executive Director James Morris described the different donor responses to Iraq and Africa as "a double standard." Why, he asked, do international donors "routinely accept a level of suffering and hopelessness in Africa we would never accept in any other part of the world?"

One of the worst-affected countries on the continent is Ethiopia, where some 12.6 mn people are threatened by starvation if there is no urgent response to appeals for assistance. "The situation in Ethiopia has been underreported," the US Ambassador to the UN food agencies, Mr. Tom Hall, said recently. "Iraq and Afghanistan have taken up a lot of the news." The US is Ethiopia's leading donor and has so far provided 40 per cent of emergency food assistance this year.

WFP / Brenda Barton

Emergency relief distribution in Eritrea: The international response to humanitarian appeals for Africa has often lagged.

Political will

Responding to critics, US government officials maintain that the focus on Iraq has not been at the expense of other regions. "I can categorically say that no money or resources have gone permanently to Iraq that would have gone to other recipients of American assistance," US Agency for International Development (USAID) Administrator Andrew Natsios said. "The reality is that all of the money that is being used in Iraq comes from a separate budget appropriation."

Mr. Natsios acknowledged, however, that confusion could have arisen from the fact that before the appropriation was approved, "we did take funds from regular USAID programmes with the agreement from Congress that they would all get reimbursed."

Some critics point out that the problem is not just one of limited resources amid multiple crises, but also of political will. "The speed with which political will and resources are mobilized to invade and bomb and possibly reconstruct Iraq are in stark contrast to the willingness of the rich countries to tackle poverty in Africa," Oxfam International's advocacy director, Mr. Phil Twyford, charged. For instance, in April the US Congress appropriated $79 bn for the initial costs of the Iraq war and for reconstruction. Such an amount would be adequate to finance HIV/AIDS prevention and treatment programmes in low- and middle-income countries for about 10 years, based on UN estimates of the total costs. Yet the Global Fund to Fight AIDS, Tuberculosis and Malaria has raised only $2 bn since the initiative's creation in 2001.

And in May it was reported that UK Ambassador Jeremy Greenstock, who was to head a UN Security Council mission to seven countries in Africa, postponed the trip to help formulate a US-backed Security Council resolution aimed at lifting sanctions on Iraq. The influential *Washington Post* newspaper

commented that the postponement not only reflected the degree to which the Council's focus on Iraq overshadowed other crises, "but also how powerful nations in the body can monopolize its attention on problems that they want solved while leaving others to fester."

For instance, disagreements among the major powers in the Security Council stalled a French-backed UN proposal to deploy multinational peacekeepers to Côte d'Ivoire in April. The peacekeepers were needed to complement forces from the Economic Community of West African States and from France already serving in the country, torn by months of civil war. In May, another urgent appeal for more peacekeepers for the Democratic Republic of Congo also suffered from political disagreements among the major powers.

Why do donors "routinely accept a level of suffering and hopelessness in Africa we would never accept in any other part of the world?" asks World Food Programme Executive Director James Morris.

Robbing Peter to pay Paul

After an initial rush by US humanitarian groups to participate in Iraqi reconstruction, some have withdrawn, citing security concerns and the need to deploy staff and resources to other more pressing crises around the world. In June, three of the country's largest humanitarian organizations, Care, Worldvision and the International Rescue Committee, did not apply for new funding under USAID's community action programme for Iraq.

"We weren't going to rob Peter and pay Paul and take people from other regions to send to Iraq," noted Worldvision Vice-President David Robinson. He said that the organization wanted to focus on Africa, where, the agency felt, there is a more pressing humanitarian need for its services.

Commentators have also noted that while there is an equally pressing need to forgive the debts of poorer developing countries, the US is calling for the write-off of only Iraq's foreign debt, estimated at between $62 bn and $130 bn. US Treasury Secretary John Snow says that "the Iraqi people cannot bear the burden of current debt levels." The US has specifically requested France, Russia and Kuwait — Iraq's main creditors — to cancel or reschedule that country's debt.

Former World Bank chief economist Joseph Stiglitz observes a double standard in US policy over debt forgiveness. He says while the US is calling for mechanisms to restructure Iraq's debt, it opposes the use of such mechanisms by the International Monetary Fund (IMF) when dealing with other countries. Stiglitz told journalists in France recently that Washington is in effect saying: "I want this mechanism only for Iraq ... but I don't want such a mechanism where the US is owed money."

Despite receiving treatment under a World Bank and IMF debt reduction programme, the Heavily Indebted Poor Countries initiative, sub-Saharan Africa's total debt stood at $204 bn last year. This was down from a peak of $231 bn in 1996, but significantly above the $177 bn registered at the beginning of the 1990s.

Neglected priorities

UN Secretary-General Kofi Annan notes that Africa has rarely faced "the kind of intersecting challenges we see today." They include food insecurity, an escalating HIV/AIDS crisis, a number of armed conflicts and "an emaciated capacity to govern and provide services."

Urgently addressing these issues requires a new integrated response from governments in Africa and the international community, Mr. Annan told the recent G-8 summit in France. "It requires a shift from short-term approaches to a reassessment of our entire strategy for development — or taking long-term measures even when addressing short-term emergencies." Importantly, he told the summit, there is a need to reverse the "alarming decline" in official aid for African agriculture that fell from $4 bn to $2.6 bn during the last decade. "You, the richest governments in the world, are among those best placed to provide these resources," he said.

But on the continent there is scepticism about changes in donor responses. The director general of the South African president's office, Dr. Frank Chikane, notes that terrorism and war as a means of resolving human problems are currently overshadowing African priorities such as the New Partnership for Africa's Development (NEPAD), the continental development framework adopted in 2001. For about a year, "many of us in the engine room of this noble African project" hoped that the response to the September 2001 attacks on the US would not put the strategy on the back burner and set the continent back by many years, he says. "Our little light of hope could be smothered by the weight of this new international crisis," he warns.

Lesotho's Finance Minister Timothy Thahane says many of the challenges facing Africa, such as attracting investment and dealing with HIV/AIDS, require long-term commitments, and these areas suffer the most when the focus shifts. "As people's attention goes," said Mr. Thahane, "you start all over again, you lose momentum."

Some, however, feel that there could be a silver lining. The current situation "may well present African countries a forced opportunity to reform their high dependency on donor funds from the North," notes Mr. Akintola Odutola of the Centre for Health and Strategic Studies in Lagos, Nigeria. He says many countries depend, "perhaps too willingly, on foreign aid for basic survival."

Mr. Adutola's sentiments echo those of South African President Thabo Mbeki, who feels that the diminished attention will force the continent to look inwards to a greater extent: "We will have to rely on ourselves, our own resources and our own efforts." ■

AIDS patient in Uganda: Combatting HIV/AIDS requires long-term commitments, which "lose momentum" when international attention shifts, says Lesotho Finance Minister Timothy Thahane.

Foreign investment on Africa's agenda

NEPAD aims to attract a larger share of global capital flows

By ***Ernest Harsch***

For African economies to grow and prosper, "capital markets are essential," says Ghanaian Minister of Finance Yaw Osafo-Maafo. "The lack of capital is one of Africa's major stumbling blocks."

That view — presented at an April forum of hundreds of African business executives and stock market officials — is increasingly common among African leaders. Until just a few years ago, when they spoke of financing for Africa's development, they usually meant government spending, donor assistance, official lending or other sources of public funds. But the New Partnership for Africa's Development (NEPAD), adopted in 2001 as the main development framework for the continent, has added a strong emphasis on increasing private flows to Africa as one way to help overcome the region's resource gap.

Eric Miller

Mercedes Benz factory in South Africa: Foreign investors look for political stability and good infrastructure.

Some African countries already offer attractive opportunities for prospective investors, and as a result, Africa has seen a modest rise in foreign capital inflows over the past decade. But up to now, high levels of poverty, poor infrastructure, bureaucratic red tape, corruption and fears of political instability have led most investors to steer clear of the continent. The challenge facing African governments is how to draw them in.

Senegalese President Abdoulaye Wade, one of NEPAD's most active proponents, has often maintained that no country in the world has managed to develop itself with just foreign aid or borrowing. Those countries that have been successful have also utilized private capital, both domestic and foreign. "We are convinced," President Wade said during a visit to Tokyo in mid-May, "that the private sector can play the same role [in Africa] that it has played in Japan." Therefore, he said, it is necessary "to create the conditions for private capital to be able to invest in African countries."

However, President Wade has also cautioned that "growth generated by private investments does not automatically translate into an improvement in the people's well-being." For that to happen, governments cannot leave everything to the market, but also must play a strategic role. Mr. Zéphirin Diabré, associate administrator of the UN Development Programme (UNDP), similarly told *Africa Recovery* that "the role of government is critical to ensure that there is good distribution of the wealth that has been created" (see page 14).

A yawning gap

As recently as the 1980s, an African government's openness to foreign investment was largely a reflection of political or ideological orientation. But with the end of the Cold War and the further worsening of Africa's economic predicament, foreign investment now is seen more as a matter of practical necessity.

Economic growth in Africa has averaged about 3.5 per cent annually over the last five years, notes African Development Bank (ADB) President Omar Kabbaj. He points out that this is far below the NEPAD estimate of 6-8 per cent needed in Africa to achieve the Millennium Development Goals. (The MDGs were adopted by world leaders in 2000, and include reducing by half the proportion of people living on less than $1 a day by the year 2015.)

Achieving faster economic growth requires significantly higher investment rates, Mr. Kabbaj argues. These now are generally low, ranging from 16-22 per cent of gross domestic product, compared with the 30 per cent generally needed for high growth. Yet there are severe constraints on quickly increasing domestic investment rates, he continues, "given the widespread poverty and the low level of savings" that are prevalent in many poor African countries. Therefore, some form of external financing is essential.

Studies by the ADB suggest that aid flows to African countries would need to increase by between 50 and 100 per cent to help them attain levels of economic growth that would make possible significant reductions in poverty. But that is doubtful in today's aid climate. Over the past decade, official development assistance to Africa has been in sharp decline, falling by around 35 per cent between 1992 and 2001.

Even if that decline can be reversed — and a number of key donors are in fact pledging to boost their assistance to Africa — aid flows are not likely to grow enough to fully finance NEPAD's ambitious goals. Nor will prevailing levels of debt relief generate sufficient savings to bridge the gap. Increased export earnings could be another source of external resources, but low world prices for Africa's primary commodity exports and serious difficulties in gaining access to Northern markets put severe limits on the continent's trade prospects.

Despite the evident difficulties, African leaders are calling on their external partners to take action on all these fronts. Simultaneously, they are appealing to private investors to make their own contribution. Hundreds of business executives expressed interest during a forum on private sector financing for NEPAD held in Dakar, Senegal, *in April 2002, the first of a number of* such conferences around the continent.

So far, the record of success in actually attracting foreign investment to Africa has been

mixed. In the early 1990s, inflows of foreign direct investment (FDI) to Africa averaged only around $2-3 bn per year. This more than doubled by the latter half of that decade, and reached a record peak of $13.8 bn in 2001 (see graph). Last year, however, net FDI inflows to Africa were estimated to have dropped to just $7 bn, reflecting the depressed world investment climate. Flows will likely remain at that level in 2003, according to World Bank forecasts, although most will go to just a few African countries, mainly in oil or minerals.

In relation to the small size of most African economies, even such modest FDI inflows are becoming significant. In 2001, for example, gross FDI in sub-Saharan Africa was equivalent to 8.1 per cent of the region's total GDP (compared with just 1 per cent in 1990). That ratio was higher than for any other developing region, notably surpassing both East Asia and the Pacific (4.6 per cent) and Latin America and the Caribbean (4.4 per cent).

Yet in comparison with total foreign investment, which has grown spectacularly over the past decade, the flows to Africa still remain small. In 2001, sub-Saharan Africa attracted only 8 per cent of total FDI flows to the developing world.

'Painstaking reforms'

According to Mr. Osafo-Maafo, the Ghanaian finance minister, Africa has the potential to become "the next global investment horizon." Similar optimism was expressed by many of the other officials, executives and investors who attended the 14-15 April "African Capital Markets Development Forum," organized jointly in New York by the UN Development Programme (UNDP), the New York Stock Exchange and the African Stock Exchanges Association (ASEA).

As Ms. Ndi Okereke-Onyiuke, chairperson of the ASEA, pointed out, Africa offers some of the highest profit rates in the world. According to studies by the UN Conference on Trade and Development, foreign companies gained average returns of 29 per cent on their investments in Africa during the 1990s, much higher than in most other regions. But profitability is only one factor that potential investors take into account.

Mr. Osafo-Maafo noted that Ghana is now considered a relatively attractive destination for foreign investment in Africa, not only because of the high rates of return that are possible there, but also because of the country's political reforms, measures to combat corruption and improvements in the way the private sector is able to conduct business. That outcome, he said, is "not a miracle, but a result of painstaking reforms."

From the perspective of the foreign investor, most African countries present enormous hurdles, Mr. Alan Patricof, vice-chairman of Apax Partners investment house in the US, told the participants at the New York forum. He highlighted numerous difficulties, including:

- corruption and bureaucratic red-tape
- weak legal systems
- poor infrastructure
- shortages of skilled labour.

To reduce corruption and red-tape, Mr. Patricof recommended that African countries set up "one-stop" centres at which investors could obtain all their necessary licences and other forms of approval, rather than having to deal with a plethora of separate administrative "tollgates" that take time and give local officials opportunities to exact kickbacks or other personal benefits.

Not all problems lie with excessive government involvement, Mr. Patricof added, but also with the absence of appropriate regulation. In much of Africa, rules of corporate governance "practically don't exist," he said. That makes it possible for both domestic and foreign companies to avoid full disclosure of their accounts, enabling them to evade their tax obligations.

"The first reflex of a foreign investor arriving in an African country is to see how the local private sector is behaving . . . to see which sectors are working and to know whether local people are investing in them."

— Nigerian President Obasanjo

Lesotho's Minister of Finance Timothy Thahane pointed to the importance of financial sector reforms, including the development of regulatory frameworks for banks, insurance companies and other institutions. Stronger and more diversified financial systems, he said, will encourage both investment and savings.

Many participants observed that conflict and political instability tend to discourage investors from coming to Africa. Even countries far from current conflict zones are affected by this negative image, since investors often view an entire region, and even the continent as a whole, through a single lens. Therefore, they noted, NEPAD's emphasis on achieving peace and security is essential for helping make Africa a more attractive outlet for investments over the long term.

US Assistant Secretary of State for African Affairs Walter Kansteiner pointed out that there also are short-term remedies. The US government's Overseas Private Investment Corporation, for example, helps finance political risk insurance schemes in Africa. He also supported African proposals for greater regional integration among neighbouring countries, so as to develop larger and more attractive markets.

In addition, a number of investment analysts have noted that it is very hard to draw in foreign investors when a country's economic climate is not conducive to domestic investment. At the NEPAD financing conference in Dakar last year, Nigerian President Olusegun Obasanjo emphasized, "The first reflex of a foreign investor arriving in an African country is to see how the local private sector is behaving . . . to see which sectors are working and to know whether local people are investing in them."

For African countries, the type of foreign investment they try to attract can be an important consideration for their future development, notes Mr. Kenneth Kwaku of the World Bank's Multilateral Investment Guarantee Agency, which provides risk insurance to investors and lenders active in developing countries. Much foreign investment in Africa today is based on the extraction of oil, minerals and other natural resources, with little local processing. Attracting investments

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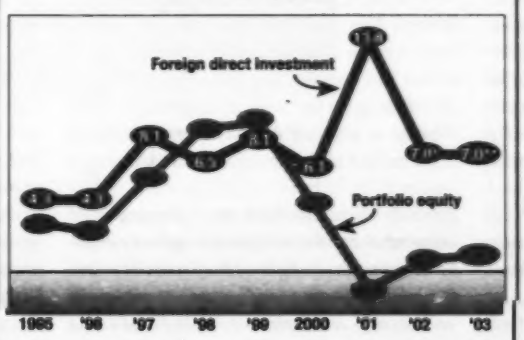
Private capital flows to sub-Saharan Africa
Net inflows, US$ bn



Source: UN Africa Recovery from data in World Bank, Global Development Finance, 2003.

It's time to act on investment

Africa needs more reforms, says UNDP's Zéphirin Diabré

UNDP / Dennis Yamba

"By mobilizing private capital, Africa can promote the economic growth needed to reduce poverty," Mr. Zéphirin Diabré writes in the foreword to the new Africa Stock Markets Handbook, published by the UN Development Programme (UNDP) in April. Following a career in both business and government (including as minister of finance) in his native Burkina Faso, Mr. Diabré joined UNDP in 1999 as associate administrator, the agency's second-highest position. He spoke with Africa Recovery at the close of the 14-15 April "African Capital Markets Development Forum," organized by UNDP in collaboration with the New York Stock Exchange and the African Stock Exchanges Association.

The New Partnership for Africa's Development stresses resource mobilization, both domestic and external. Compared with previous African plans, the external component is not just foreign aid, but also an explicit focus on attracting foreign investment. What does this shift in emphasis reflect?

Diabré: It reflects an adaptation to the prevailing trend in the world. It is also a way of drawing lessons from past experience. As President Wade has so eloquently said, history has never shown an example of a country which has been able to lift itself out of poverty by relying solely on foreign assistance. Official development assistance resources are very important because they are a way of expressing solidarity between rich and poor countries, and they can help fund public goods, from health to education to environmental protection, and so on. But for an economy to grow, it needs a different type of resource. The same way the private sector has been the engine of growth in developed countries, it's time now that we realize the private sector should be the engine of growth in our countries in Africa.

What are the challenges facing African countries in actually drawing in foreign investors? What do they have to do?

Diabré: We know the gospel, most of the time. Why does someone go and invest somewhere else? He goes because first he is seeking a certain return on his money. And second he is going because he feels comfortable that it's a place where it is secure to do business. I do believe that a high return is there in Africa. What is lacking, according to potential investors, is that the environment sometimes is not 100 per cent conducive to promoting the private sector. They don't always feel secure that their investment will be protected against political or social upheaval. They're not sure that the law will be applied properly if there is a dispute to settle. African leaders are, in a certain way, aware of this problem. It's time now for them to start acting.

You are from Burkina Faso. How do you convince investors to come when a neighbouring country like Côte d'Ivoire, once considered very stable, is suddenly thrown into conflict?

Diabré: This is why we need to put in place in these African countries some sustainable institutions that can guarantee long-term stability. I definitely agree that what is happening in Côte d'Ivoire is a strong deterrent for anybody to come and put his money in Africa today.

Recently, there has been more discussion of using stock markets in Africa to attract portfolio investments. In light of the financial crises in Asia, Argentina and other countries in recent years, are there more risks for Africa in bringing in such short-term capital than in trying to attract longer-term foreign direct investment (FDI)?

Diabré: It depends on what side you're looking from. From the investor's perspective, and contrary to what some people believe for Africa, FDI is seen as more risky than portfolio investment, for one simple reason. FDI is a long-term commitment, and a fairly physical one. An investor doesn't always have a clear exit strategy in case of trouble. But portfolio investment doesn't translate into a physical presence or a long-term commitment. You can exit any time, by just selling your stocks and bonds. So for somebody in a developed country who is not willing to take the risk of being physically present, portfolio investment is an appropriate way to do business.

Of course, for the country, there is the risk of a sudden withdrawal [of capital] that can make the bubble collapse. But that is part of economics. It shouldn't be a deterrent. Most of the time such a withdrawal of investors is due to the absence of proper regulation of the financial system. The main issue is for a country to be able to attract the resources and manage them appropriately for its own economic growth.

There have been studies indicating that increased flows of official development assistance may encourage greater foreign investment.

Diabré: Definitely. Some things cannot be done by the private sector. The private sector likes to come to places where certain parameters have been put in place already. After the Second World War, the Marshall Plan provided that for many European countries, before the private sector would step in. I will venture to make the same comparison for Africa.

Some proponents of foreign investment seem to believe that its benefits will "trickle down," and in that way reduce poverty and spur development. Is that enough, or does something else need to be done?

Diabré: Attracting foreign investment can boost the growth of the economy. But that by itself is not sufficient to be able to alleviate poverty.

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Senegal attracts investors, but slowly

Misperceptions, red tape and banking weaknesses hinder promotion efforts

By ***Laura Hildebrandt***

Senegal should be a great place for foreign investors. Situated on the western-most point of Africa, it is within easy reach of US and European markets from the natural port of Dakar. The country has an abundance of labour, relatively good infrastructure and a well-educated elite. It has a history of political stability and secular democracy, with decidedly pro-market leanings, particularly since the election in 2000 of President Abdoulaye Wade. Senegal has undergone two decades of structural adjustment programmes under the direction of the International Monetary Fund (IMF) and World Bank. In short, it meets most of the standard criteria that investors consider critical.

The Senegalese government seems to agree. It forecasts high levels of growth in investment over the next few years. Although the last two years have seen some increases, the results were skewed by a few large one-time investments. Some analysts predict that the pace is not sustainable. The IMF also believes the government's expectations are overly optimistic. Why are more investors not taking advantage of the opportunities Senegal has to offer?

World Bank / Ray Witlin

Tyre factory in Dakar: Senegal holds many advantages for investors, but problems persist.

One answer, according to Mr. Alan Patricof, vice-chairman of Apax Partners investment house in the US, is that foreign investors tend to lump countries together in regions, without making much distinction among individual countries. By that logic, Senegal's reputation for stability may be offset by conflicts elsewhere in the region, such as Côte d'Ivoire.

Regulations and courts

For those investors who have chosen Senegal, there still are numerous regulatory obstacles, despite progress during years of reform. These barriers for starting up a business or acquiring land can cause significant delays for investors.

Mr. Mbaye Khouma, marketing director of the Senegalese investment promotion agency, offered an anecdote. A foreign firm was planning to set up a factory in Dakar. The company made a bid for an existing government-owned building. But land ownership regulations required that before the government could transfer the building to the company, it had to consider at least two competing bids. No other bids were made for the space, and after several months of waiting the company eventually decided to move to another country.

Businesses and banks operating in Senegal also often face difficulties in trying to enforce contracts in courts. Last year, a joint IMF-World Bank assessment of Senegal's financial sector found that the judicial system lacks sufficient technical capacity to handle financial matters. Cases may take many months.

Mr. Gabriel Fall, a member of President Wade's advisory committee on investment, offers another explanation for investor reticence: the highly informal nature of much of Senegal's economy. As masses of people move from the countryside to the cities in search of higher incomes, many enter the informal sector, selling cheap consumer imports from Asia on the street. Mr. Fall maintains that this trend causes licensed shops to close and prevents new investment in nearly all sectors.

Access to capital

Even when an entrepreneur has identified a solid opportunity and has decided to invest in an enterprise, there is the additional problem of inadequate access to capital through the local financial system. In Senegal, money is generally available for large enterprises and projects, as well as for very small ones, but not those in the middle. The West African Development Bank, for example, provides loans for projects over $10 mn, while at the other end of the spectrum, some of the most generous micro-credit institutions have a loan ceiling of just $20,000, often not enough for small-scale entrepreneurs.

For small domestic or foreign businesses, particularly start-ups, it can be extremely difficult to get loans from the banks, which are hesitant to lend to a company that has not yet proved itself. "Trust is a big barrier for banks," Mr. Fall explains.

Banks are especially conservative in lending to new sectors, such as information and communications technologies. As Mr. Christophe Aguessy of the West African Development Bank in Dakar explains, banks often lack the knowledge or capacity to reliably evaluate projects, particularly in high-tech sectors.

Recognizing some of the problems that hamper Senegal's ability to attract private investors, the World Bank in May approved a new $46 mn credit to help the government improve the investment climate, promote greater private involvement in economic activities and carry out further policy reforms.

Another avenue to attract more capital for investment would be to tap into Senegal's diaspora living abroad. At an investment forum held in Dakar in late May, Prime Minister Idrissa Seck noted that migrants in Europe and North America sent back to Senegal some CFA160 bn ($218 mn) in 2001. Unlike other external investors, these members of the Senegalese diaspora know the country well and have informal contacts to help them overcome the complex regulatory environment. They also have personal incentives to invest their savings back home, provided good investment opportunities are available. ■

Foreign investment

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that add value and stimulate economic development, he says, will require "no longer relying on our natural resources, but on skills and knowledge." To get companies to become more active in such areas, he adds, will mean stemming the tendency of African professionals and skilled workers to leave the continent (see page 1).

Stock markets gear up

In addition to foreign direct investment, some flows to Africa are in the form of equity investments — trading company shares, government bonds and similar financial instruments. For sub-Saharan Africa, such portfolio equity inflows increased from $2.9 bn in 1995 to $8.9 bn in 1999. They then fell to $4 bn in 2000 and virtually collapsed the following two years, as global stock market activity suffered severe turbulence and decline (see graph, page 13).

For the largest African companies, major world stock markets provide a good "platform for accessing international capital markets," New York Stock Exchange Vice-President Bryant W. Seaman told the April forum. The NYSE itself now lists seven African companies, with a total capitalization of $26 bn. Reflecting a growing interest in Africa, trading in their shares leaped by 700 per cent between 1999 and the early months of 2003, Mr. Seaman noted.

By contrast, most African stock markets are very small — "frontier" markets in the vernacular of international investors — with the exception of South Africa's Johannesburg Stock Exchange and the markets in Egypt, Morocco and Tunisia. Their combined capitalization reached $245 bn in 2002 (with the JSE share accounting for $183 bn). This was barely a tenth of the total capitalization for all "emerging market" exchanges, and less then 1 per cent of the world total.

The number of African stock markets has been growing however, from 10 about a decade ago to 18 active exchanges today. And while they may be small, says Ms. Okereke-Onyiuke, they represent a "virile" force that should attract greater international interest in the years ahead.

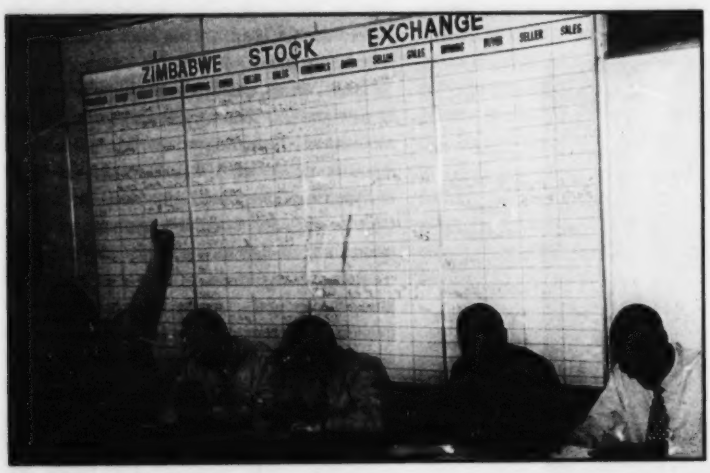
The stock exchange in Abidjan, Côte d'Ivoire, which lists companies from six francophone countries in West Africa, is one of the few regional stock markets in the world. Plans are under way to also set up a second regional exchange in East Africa.

Many of the companies listed on these African exchanges — more than 2,200 in 2002 — generate high returns for their shareholders. In 2002, for example, the JSE index showed an average return of 27.9 per cent (calculated in US dollars), while the Abidjan exchange reached 27.4 per cent, Ghana 33.3 per cent and Botswana 41.4 per cent. By contrast, that same year, the US's Standard and Poors 500 index registered a 22.4 per cent loss, while the combined index for all emerging markets fell by 7.5 per cent. One reason for Africa's high profitability, notes Ms. Okereke-Onyiuke, is that most African companies are still "in their growth stage," that is, they are relatively new ventures with considerable room for expansion.

Yet many investors simply do not know about these opportunities. Most African exchanges are not included in the main equity market indices and therefore attract few portfolio funds targeted toward global emerging markets. For potential investors who are knowledgeable, the high profitability of these African companies is counterbalanced by uncertainties about their long-term performance, in addition to concerns about the stability of most African economies.

This lack of a strong, positive image is one reason why African stock markets have shown an interest in forging closer ties with the highly developed exchanges of New York, London and other global commercial centres, to gain better international exposure. "We need support from grown-up exchanges," Mr. Osafo-Maafo said to his colleagues at the NYSE, "to learn from your experiences."

At the same time, he added, African countries can do much to make their economies more viable and attractive targets for potential investors. "Africa, properly managed, could be the future of portfolio investment." ■



Stock exchange in Harare: most African exchanges are small, but they offer high returns.

Diabré interview

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You have to take appropriate measures to make sure that all segments of the population are benefiting. And that is where the role of government is critical, to ensure that there is good distribution of the wealth that has been created.

And the mobilization of domestic capital as well ...

Diabré: Definitely. That's very important too. Actually, foreign investors basically come when domestic ones already are active. If the citizens of a given country are themselves not confident enough to invest in their own country, why ask somebody from outside to come and do it for them?

What do African public sectors need to do to encourage investment?

Diabré: They have to be more efficient, and make sure that the regulation of the economy is smooth and well managed. They have to fight corruption, because that is one of the reasons why there is the flight of capital. The issue is the functioning of the state and those key mechanisms that an economy needs: a banking sector which is well regulated, a judicial system which is applying the law appropriately, some basic infrastructure — the whole set of parameters which a modern economy needs to be able to operate. These are areas in which sometimes states in Africa are not able to deliver, and in which we need deeper and stronger reform. ■

Building on the 'Dakar-Tokyo axis'

Senegal lauds Japan's spirit of partnership with Africa

Joining a growing army of compatriots active in Africa, 21 new Japanese volunteers officially took up their duties in Dakar, Senegal, on 23 May. Like some 500 other Japanese youths already working in agriculture, health, education and related development activities in Senegal, they are a concrete expression of a "strengthened Dakar-Tokyo axis," Senegal's Director of Technical Cooperation Pape Birama Thiam said during the ceremony.

Many of the volunteers already in Senegal have learned local languages — Wolof, Serere and Pulaar, among others — and live alongside villagers in poor rural communities throughout the country. Among other things, they help rural women's associations develop irrigated market gardens, train villagers in the production of organic fertilizers and provide information on HIV/AIDS and other infectious diseases.

This Dakar-Tokyo relationship, said Mr. Thiam, is a reflection of Japan's support for the New Partnership for Africa's Development (NEPAD), the continental development strategy adopted by African leaders in 2001. Mr. Konishi Kiyofumi, resident representative of the Japan International Cooperation Agency (JICA), made the same point, noting that Japan's assistance to Senegal is part of a broader orientation to Africa which focuses on meeting basic human needs, following the approach mapped out at the 1998 Tokyo International Conference on African Development (TICAD).

"Now that NEPAD has been widely adopted," said Mr. Kiyofumi, "the basic policy of Japan will be to expand its partnership with Africa, to support NEPAD within the framework of the TICAD process and to open a new chapter in the history of relations between Africa and Asia."

Raising Africa's profile

The third TICAD conference — a decade after the first one in 1993 — will take place in Tokyo from 29 September to 1 October. Co-sponsored by the government of Japan, the UN and the World Bank, it will draw delegations from virtually every African country, African regional organizations, much of Asia, the major donor countries and key international aid and development institutions. It comes at a time when much of the international community's attention is focused on crises in other parts of the world, and is aimed at raising Africa's profile on the global agenda.

"There will be no stability and prosperity in the world in the 21st century unless the problems of Africa are resolved," Japanese Prime Minister Junichiro Koizumi emphasized during a 12-14 May visit to Tokyo by Senegalese President Abdoulaye Wade. Both NEPAD and TICAD featured prominently in the discussions between the two leaders, and President Wade praised Japan for its lasting partnership with Africa.

One of the central features of NEPAD — its insistence on African leadership in the continent's development process — was one of the original themes of the TICAD process at its inception a decade ago.

During the second conference in October 1998, Prime Minister Koizumi noted, Japan pledged to provide Africa with the equivalent of US$750 mn over a five-year period, specifically for helping meet basic human needs. Of that amount, nearly $700 mn has already been disbursed. This has been only one component of Japanese assistance to sub-Saharan Africa in recent years, which totalled $932 mn in 2000 alone, making Japan the region's fourth largest donor, after France, the UK and the US.

Japan International Cooperation Agency

Japanese expert training Senegalese, one of many active throughout Africa.

Roads and rice

The Japanese prime minister, in accord with NEPAD, emphasized the importance of infrastructure, declaring that this year Japan will begin providing about $1 bn in aid to help develop Africa's roads, railways, ports, electricity systems and information and communications networks. Mr. Koizumi added that he considers it "very important for Africa to raise agricultural productivity and to extricate itself from reliance on imported food." Toward that end, Japan will continue to support the development and dissemination of the New Rice for Africa (NERICA), a hardy, high-output cross between an African and an Asian rice strain.

Beyond aid, Mr. Koizumi went on, Japan would cancel up to $3 bn in aid-related debt owed to Japan by African countries. And to facilitate investment by Japanese companies in Africa, the government will provide up to $300 mn in overseas investment loans.

President Wade noted the value of increased investments during his Tokyo visit. At a meeting with Keidanren, the main Japanese employers' association, he appealed to "businessmen to invest in Senegal and Africa."

Japanese businesses are indeed interested in Senegal, said Mr. Satoru Anzaki, chairman of Keidanren's commission on sub-Saharan Africa. "Senegal is known today for the quality of its infrastructure, especially its port facilities, for its incontestable leadership and stability and for the decisive role that it plays in promoting NEPAD."

Throughout his visit, President Wade stressed that he was not promoting only his own country, but the African continent. This is in line with NEPAD's regional vision. "It is necessary above all," Mr. Wade said, "to break with a national logic," adding that Africa's previous preoccupation with national plans was one factor in the failure of earlier continent-wide development initiatives. But through NEPAD, the Senegalese president said, Africans and their international partners should begin thinking in terms of action at the regional level, and ultimately on a continental scope. ■

Reversing Africa's 'brain drain'

from page 1

African professionals tend to migrate to Western Europe and North America. Many are dissuaded from returning home by the economic and political crises that have bedevilled the continent over the last few decades. Failing economies, high unemployment rates, human rights abuses, armed conflict and the lack of adequate social services, such as health and education, are some of these factors.

The UN Economic Commission for Africa and the International Organization for Migration (IOM) estimate that 27,000 Africans left the continent for industrialized countries between 1960 and 1975. During the period 1975 to 1984, the figure rose to 40,000. It is estimated that since 1990 at least 20,000 people leave the continent annually.

A brain drain is said to occur when a country becomes short of skills when people with such expertise emigrate. The UN Development Programme (UNDP) notes that in Africa, the loss of medical doctors has been the most striking. At least 60 per cent of doctors trained in Ghana during the 1980s have left the country.

The phenomenon "is putting a huge strain on the continent," notes IOM Deputy Director-General Ndioro Ndiaye. To fill the gap created by the skills shortage, African countries spend an estimated $4 bn annually to employ about 100,000 non-African expatriates. "It is high time programmes and policies are put in place to reverse the devastating effects of the brain drain," she says.

AfricaPhotos.com

At least 20,000 highly skilled Africans leave the continent each year.

How to redress it

Experts on the continent are increasingly engaged in strategies and programmes to reverse the brain drain or retain skilled professionals at home. They include restrictive policies aimed at delaying emigration, such as adding extra years to medical students' training. Various tax proposals have been put forward as governments realize that the large numbers of citizens living outside their borders are a potential economic resource. Proposals range from one-time exit taxes to bilateral tax arrangements, which would require the receiving nation to tax citizens of another and remunerate the home country.

Another strategy is the adoption of international agreements by industrial and developing nations under which wealthy countries pledge not to recruit skilled people from developing states. However, the two most popular strategies involve transferring skills through networks of professionals and intellectuals and the time-tested approach of repatriation.

Building networks

Because many people are reluctant to return to politically or economically unstable countries, some countries are now trying to find other ways to tap the knowledge and skills of their professionals based overseas. This approach is popular because it does not require participants to relocate to their home countries.

The South African Network of Skills Abroad (SANSA) is an example. Through its website, it invites professional South Africans to sign up. It reports that at least 22,000 graduates from five major South African universities resident abroad remain in touch with the universities. SANSA estimates that about 60 per cent of the country's expatriate graduates are located in six countries, with Australia, the UK and the US accounting for more than half of them. Looking at the nature of their skills, the group estimates that about 30 per cent of the University of Cape Town's contactable doctoral graduates are living overseas. They comprise significant proportions of the university's graduates in medicine, commerce, education and engineering, all areas in which South Africa has an acute shortage of skills.

Once professionals join SANSA, they may offer to train their South African counterparts or assist them to conduct research. They could facilitate business contacts and transmit information on research results not available in South Africa. SANSA members may also help to transfer technology to their home country, such as providing computers and software. This is already being done in other African countries. The Africast Foundation, for instance, collects and refurbishes "retired" computers in the US for use in schools and poor communities in Ghana.

Wealth of talent

Rather than blame departing professionals for the shortage of skills on the continent, SANSA views "these highly skilled South Africans located abroad as a potential asset," note Mr. David Kaplan and Mr. Jean-Baptiste Meyer. In a report for SANSA, they however stress that the success of networks depends largely on the commitment of expatriates.

The willingness of these experts to share their knowledge and financial resources would be "a powerful demonstration of their commitment to making a difference in women's lives," noted Ms. Noeleen Heyzer, executive director of the UN Development Fund for Women (UNIFEM). "There is a wealth of untapped expertise among Africans in the diaspora, especially in the private sector," she told a meeting in Uganda in May, to launch the Digital Diaspora Initiative. UNIFEM is among a number of international agencies participating in the initiative, which is specifically

targeted at improving the lives of women in Africa through the use of new information technologies and the expertise of Africans living abroad. Under the programme, African experts will be encouraged to contribute to policy formulation and financing information technology programmes with the aim of taking advantage of the sector's growth.

Relocating African expatriates

Other programmes to counter the brain drain involve the physical relocation of expatriate Africans either to their home countries or elsewhere on the continent. A major limitation, however, is that such operations require large sums of money. Some expatriates may wish to be repatriated with their entire families. Others may request salaries comparable to what they earn in their host countries, along with up-to-date technological resources. Another limitation is that repatriation only allows for the return of the individual expatriate and not the knowledge networks to which he or she may belong.

Despite such challenges, the Kenya-based Research and Development Forum for Science-Led Development in Africa (RANDFORUM) has been exploring ways to repatriate African professionals and intellectuals, as requested in 1999 by the Presidential Forum on the Management of Science and Technology in Africa, a grouping of African heads of state. That year, a task-force led by a former Zambian president, Mr. Kenneth Kaunda, recommended that RANDFORUM and its sister organization, the African Foundation for Research and Development, identify overseas-based Africans interested in returning home to offer their skills. Another RANDFORUM project aims to relocate professionals from "distressed countries" — those that are faltering economically or politically, such as Liberia or Somalia — to where they can be productive. Rather than confine professionals and intellectuals from such countries to refugee camps, they are utilized elsewhere and returned once the situation in their countries normalizes.

Failing economies, high unemployment, human rights abuses, armed conflict and inadequate social services contribute to the outward migration of African professionals.

Adapting to changing needs

Organizations involved in repatriation face the challenge of attracting larger numbers of participants. IOM's Reintegration of Qualified African Nationals Programme, which ran from 1983 to 1999, only managed to relocate about 2,000 nationals to 11 participating countries. Immigration regulations are cited as one of the concerns of potential returnees, notes Mr. Chernor Jalloh of IOM. People are concerned, for example, about whether they would be able to return to their adopted country once they leave. Immigration laws in some industrialized nations require migrants to remain in the country for a specified period or risk losing their residence status. On the other hand, those who have been naturalized in their new country often have to make a choice between that or their home state, as some African countries do not recognize dual citizenship.

While past IOM programmes focused on permanent relocations, they are now evolving to cater for the needs of those Africans who prefer to remain in their new countries. Instead of permanent relocations, "we now use sequenced visits," says Mr. Jalloh, describing some aspects of the newly established Migration for Development in Africa programme. These may be short stays, on a number of occasions to service a particular need, for example, "a request for a specialist doctor in a remote part of Sierra Leone," Mr. Jalloh told *Africa Recovery*. The doctor continues to live abroad, returning when needed to complement the work of teams in the African country.

UNDP notes that the attitude of Africans abroad towards returning is likely to change as their countries develop and prospects and opportunities there improve. "Timing and chance play a part in this," reports UNDP. But in the end, the utilization of skills abroad can be effective "only when countries get their houses in order."

Growing political will

Until recently, African governments had expressed little concern about the loss of skilled people, while development lending agencies often compounded the problem by obliging recipient countries to hire foreign expatriates, as part of the conditions attached to those loans. Moreover, politicians often portrayed countrymen who opted to work and live abroad as unpatriotic. But the sharp rise in skilled emigration and the serious human resource constraints facing the continent have forced many to rethink their views.

Nigerian President Olusegun Obasanjo is one of the leaders actively attempting to address the challenges of the brain drain. On his trips abroad, President Obasanjo often meets professionals and intellectuals who have left Nigeria to ask them how they can contribute to their country's development. President Obasanjo also is one of the architects of the continent's new development framework, the New Partnership for Africa's Development (NEPAD).

The New Partnership calls for the establishment of a reliable, continental database to determine the magnitude of the problem and promote collaboration between Africans abroad and those at home. An important

Engaging the African diaspora

For the first time, the African Union has invited Africa's diaspora (those who trace their roots back to the continent) to actively take part in the region's development. Heads of state who met for the African Union extraordinary summit in February agreed to amend the organization's charter to "encourage the full participation of the African diaspora as an important part of the continent...." This followed active lobbying by members of the diaspora seeking recognition as agents for the continent's development.

Absent formal structures, African diaspora groups have generally relied on ad-hoc, disperse and small-scale programmes to assist in the development of the continent. Despite this, many have been able to help build schools, hospitals and roads, run training programmes, supply books and computers to deprived schools and establish scholarships to assist students.

But they operate outside the sphere of mainstream development agencies, even though they may be working towards the same ends. "Africa must develop a collective strategy for engaging the diaspora," noted US Ambassador to Nigeria Howard Jeter. He said there have been no meaningful attempts to engage the diaspora and no institutional connections exist. "Few African-Americans know about NEPAD. Why should that be?" asked Ambassador Jeter, in an address to the Nigerian Institute of International Affairs in November. He observed that Africa is not utilizing African-Americans as a primary political constituency in the US. "Are African-Americans really being encouraged to do business with Africa? I don't think so." As Africa begins to map out a strategy to engage those in the diaspora, such questions need to be asked, he said.

United Nations Capital Development Fund / Adam Rogers

Video training in Niger: To develop, Africa needs a wide variety of skills and expertise.

NEPAD priority is to develop Africa's human resources and reverse the brain drain. Under NEPAD, African leaders explicitly call for the creation of the "necessary political, social and economic conditions that would serve as incentives to curb the brain drain...."

Dealing with the push factors

But these statements of intent must be transformed into action and deeper issues resolved before the brain drain can be curbed. Many Africans long to return home and participate in development, but their aspirations are "vigorously thwarted by negligent governments whose priorities ... ignore national welfare," says Mr. Kwaku Asante Darko, a lecturer at the National University of Lesotho. Mr. Darko, a Ghanaian, stresses that until the factors that lead to migration are dealt with, it 'would be catastrophic" to expect to solve the continent's manpower shortages through an immediate return of skilled Africans. In addition, the continent needs to provide "a conducive environment which is amenable to positive criticism, free of harassment and persecution," says Mr. Rohey Wadda of Gambia's Strategy for Poverty Alleviation Coordinating Office, a national body that oversees development programmes. African countries must be made "more politically, economically and socially attractive to their citizens."

Sometimes, trained professionals are frustrated by donor policies that have the unintended effect of over-emphasizing reliance on foreign technical experts at the expense of trained nationals. In a 1993 report on the effectiveness of technical cooperation, UNDP noted growing concern among African development experts about the persistent reliance on expatriate technical personnel decades after independence and despite major efforts to train nationals. In Burkina Faso, UNDP noted, 800 foreigners with university degrees were employed in the country in 1990, while an equivalent number of Burkinabè nationals with university degrees were jobless. African governments and donors are at times "too quick to bring outside expertise without exploring the capabilities available at home or that could be attracted to return," UNDP reported.

Daunting challenges

The challenges of establishing the necessary political conditions to retain and re-attract skilled personnel are daunting. While on one hand some countries are beginning to recover, on the other, some are engulfed in renewed crises. In Kenya, the recent election of a new president, Mr. Mwai Kibaki, has spawned a period of euphoria and a wave of returns by exiles hoping to rebuild a country that had all but collapsed under the weight of 24 years of rule by former President Daniel arap Moi. President Kibaki has been quick to invite Kenyans "who have been hounded out of our shores by repressive policies of our predecessors to come back home and join us in nation-building." He notes that the country desperately needs "the genius of its citizens wherever they are. It's time for healing and we need every hand on deck."

On the other hand, Cote d'Ivoire, once a migrant's haven in West Africa, has recently been embroiled in civil war. Another of the continent's better-managed economies, Zimbabwe, which also used to draw African immigrants in search of opportunities, is seeing a mass exodus of professionals under the current economic and political crisis. The Zimbabwe National Association of Social Workers estimates that 1,500 of the country's 3,000 trained social workers left for the UK during the last 10 years.

Going back to a job

Returning professionals also need to find a place to work. Until a few years ago, the Gambia did not have a university and had to spend a significant proportion of state funds to train and educate its professionals abroad. Those who became professors could not return, as they had nowhere to ply their trade. In many other African countries, educational institutions are poorly funded and resourced, while there are few private sector jobs. Although they promise to redress such shortcomings, governments still spend very little on specialized areas such as science and technology. The continent's share of investment in research and development is only 0.5 per cent of the global total and it spends 0.8 per cent of the world total on scientific publications. Also, Africa desperately needs universities devoted primarily to research.

Africa's problems are further aggravated by the under-utilization of those skills it already possesses, notes UN Economic Commission for Africa Deputy Executive Secretary Lalla Ben Barka. "In every African country," she says, "there is a paradox of high rates of unemployment and under-employment among school leavers, including university graduates — even scientists and engineers."

An international problem

Given the international nature of the brain drain and the covert support it receives from developed countries in need of skilled personnel, measures in African countries to contain it will only succeed with the support of destination countries, notes the Union for African Population Studies, a scientific, pan-African non-profit organization. It says that the international community needs to put pressure on developed nations to modify existing policies on the immigration of professionals from developing countries.

Industrialized countries are in growing need of two types of immigrant labour — those willing to do poorly paid, dirty and dangerous jobs that their own nationals scorn, and highly specialized professionals, such as software specialists, engineers, doctors and nurses. The

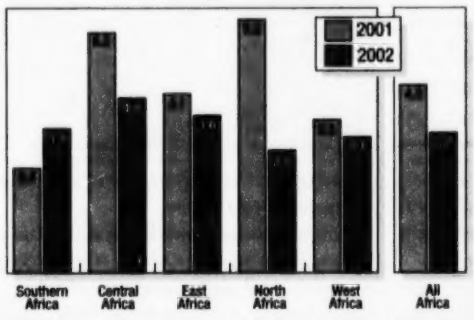
turn to page 22

After slowed growth, rebound lies ahead

ECA finds institutional reform vital for speeding Africa's development

Overall economic growth in Africa fell moderately in 2002, but is likely to recover to around 4.2 per cent this year if weather forecasts and current international trends prevail, reports the UN Economic Commission for Africa (ECA). All five regions of the continent — Southern, Central, East, West and North — will probably demonstrate stronger growth this year, compared with just one, Southern Africa, in 2002, notes the ECA's *Economic Report on Africa 2003*.

GDP growth in Africa's regions
average % change



Source: UN Africa Recovery from data in ECA, Economic Report on Africa 2003

There were multiple causes for the decline in the growth rate from 4.3 per cent in 2001 to just 3.2 per cent last year, the report observes. They included a weaker global economy, the impact of low commodity prices, drought in parts of Southern and East Africa and political and armed conflicts in a number of countries. Four of the five largest economies in Africa — Algeria, Egypt, Morocco and Nigeria — experienced slower growth, pulling down the continental average.

Among the large economies, only South Africa improved performance, with a gross domestic product (GDP) that grew by 3.0 per cent in 2002, compared with 2.5 per cent the year before. This was fuelled by increases in the prices of its export commodities, especially gold.

'Risk premiums' and subsidies

Several international trends had a significant impact across the continent. After the downturn in global growth in 2001, there was a recovery in early 2002, but by the end of the year it was weaker than initially anticipated due to a slowdown in the US recovery, declines in equity prices in major markets, economic deterioration in several large Latin American economies and rising "risk premiums" stemming from political instability in the Middle East, including higher oil prices.

World commodity prices for some key African exports, such as cocoa, rose significantly in 2002, but others, including tea and coffee, remained on the decline. Moreover, the ECA observes, the US decision in May 2002 to increase its domestic agricultural subsidies by 67 per cent "doesn't help Africa's prospects. The subsidy will reduce agricultural prices, making it difficult for small African economies to compete."

Such subsidies and other external factors will also pose risks for this year's economic performance. In addition, the continent's high rates of HIV/AIDS infection, widespread poverty and persistent capital flight will hold back economic growth.

Despite such actual or potential obstacles, the ECA considers the prospects for growth in 2003 to be more upbeat than last year. The reasons include:

- A reduction in armed conflicts, such as the ceasefire in Angola, cessation of hostilities between Ethiopia and Eritrea, accords between the Democratic Republic of Congo and Rwanda and the resumption of peace talks between the government and southern rebels in Sudan.
- An increase in the number of African countries eligible for debt relief, which will free up resources for social expenditure and investment.
- Expectations of improved economic growth in most of the world's regions by the third quarter of 2003, which will stimulate economic activity in Africa through increased aid, trade and foreign investment.

Looking at specific regions, the ECA foresees growth of 4.9 per cent in North Africa, 4.4 per cent in East and Central Africa, 3.6 per cent in Southern Africa and 3.3 per cent in West Africa.

'Second generation' reforms

Economic policy continues to be a major influence on performance, the ECA finds. Most African countries have made significant progress in improving their macroeconomic policies. This has contributed to the continent's generally stronger growth over the past decade, compared with the stagnation and decline of the 1980s and early 1990s. But pursuing sound fiscal policies and macroeconomic equilibria are only first steps, the report suggests. To accelerate the pace of development, a "second generation" of reforms is also essential, following those begun under structural adjustment.

These reforms, explains the ECA, are essentially institutional and structural:

- poverty alleviation and the promotion of social equity
- contract enforcement, by securing property rights, strengthening legal and judicial systems and creating effective conflict-resolution mechanisms
- enhancement of policy ownership, by promoting the participation of all stakeholders and building consensus
- improvement in the quality of public regulation of liberalized economies
- appropriate policies for developing individual economic sectors

Surveying the policy stances of 35 African countries, the ECA finds that progress in these areas has lagged in far too many African countries. The costs of electricity and transport are restrictively high, corruption adds significantly to the cost of economic activity, and market and institutional development remain weak.

The report, however, also identifies a number of African countries that have made notable progress in at least some of these areas. It singles out the top five: Botswana, South Africa, Mauritius, Namibia and Tunisia. In these countries, "the legal system is more effective at enforcing contracts, laws and regulations are more predictable and transparent, laws and regulations are applied more uniformly, the quality of the civil service is better, and the access to and reliability of telecommunications, transport and electricity are greater." These countries also have made notable efforts to promote women's access to education and health, and to achieve gender equality in employment. ■

Ivorian conflict sends regional shockwaves

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and other sources of revenue that were not paid because of the slowdown in trade and other economic activity. Both countries have been obliged to revise their 2003 budgets, to take into account lower domestic revenues and to project bigger budgetary deficits.

In late May, Niger's customs director, Mr. Youba Diallo, estimated that his service would likely lose about $10 mn in customs receipts this year because of the Ivorian crisis. Niger, he pointed out, probably would not get an additional $7 mn it was set to receive through an UEMOA compensation scheme, paid out of the high customs earnings that Côte d'Ivoire normally earns from its trade with other UEMOA members.

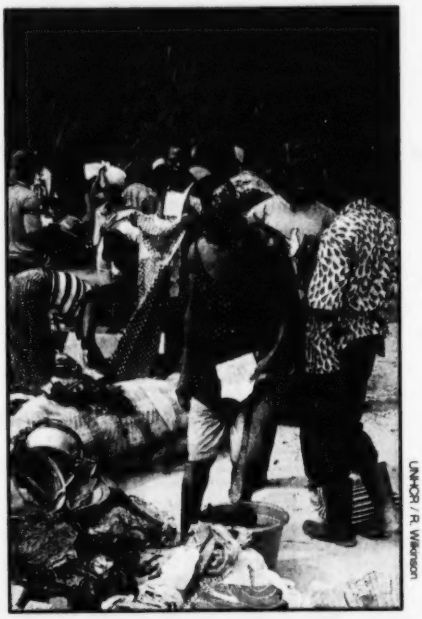
Such shortfalls can be a serious problem for tight national budgets; but they can be absolutely disastrous at the local level. According to Mr. Abraham Dramane Soulama, mayor of Niangoloko, a Burkinabè town near the Ivorian border, the municipality has lost half its revenue because of the turmoil in Côte d'Ivoire. "What we really worry about is paying the salaries of municipal staff," he says. "As for investment, that's all been halted for the moment."

For those countries that had large numbers of migrant workers abroad, the unrest in Côte d'Ivoire itself and the return of so many nationals has hurt the flow of monetary remittances from those migrants. For Burkina in particular, such external labour remittances have long helped to offset its large balance-of-payments deficit. But as the Ivorian economy slowed and many Burkinabè fled the country, overall remittances declined from $110 mn in 1994 to $41 mn in 2001. No estimates are yet available for 2002, but the figure may well be considerably lower.

The IMF, in an assessment of economic developments in the UEMOA region released in March, pointed to two other potential financial effects of the Ivorian conflict: concern about political instability in the region may lead to a reduction in private capital inflows, including foreign investment, and it may propel some countries to increase military spending.

Challenge to regional integration

The same IMF report cites growing concerns that the Ivorian crisis may hamper "the momentum of the integration process" within the UEMOA. As IMF and many local analysts note, Côte d'Ivoire had been so central to that process that little progress is likely within the region as long as the country is in turmoil.



Refugees trying to cross an Ivorian border post.

UNHCR / R. Wilkinson

Leaders in Burkina, Mali, Niger and other countries are now seriously rethinking the degree of their dependence on Ivorian markets and transport routes, and see a need to better diversify their economic relations. But such diversification will take considerable time and effort, and there will still be significant advantages in working closely with a stable and prosperous Côte d'Ivoire.

UEMOA's successes and failures will have a big impact on the wider process of West African integration. All eight countries also belong to the Economic Community of West African States (ECOWAS), and there has been agreement between them and the seven non-CFA countries of the bigger group to work towards an eventual union. A faltering UEMOA will make such efforts much more difficult.

Although good economic policies are vital for progress towards regional integration, so is peace, notes Mr. Banny. "The situation that prevails in Côte d'Ivoire and its disastrous consequences for the regional economy demonstrate that political stability is a 'common good' to which the member states must pay as much attention as they do to macroeconomic balances."

He argues that achieving peace and political stability must be seen as a priority for the integration of the region's economies. Moreover, he says, that goal cannot be the work of governments alone, but must involve all actors. Peace will best be assured with the achievement of "a genuine culture of democracy" that promotes good governance and public participation. Just as peace is vital for regional integration, Mr. Banny adds, the ultimate establishment of a union of African states and peoples will in turn act as "a force for peace and prosperity." ■

Reversing Africa's 'brain drain'

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US has 126,000 fewer nurses than it needs and government figures show that the country could face a shortage of 800,000 registered nurses by 2020. Because of such shortages, industrialized nations have embarked on massive international recruitment drives. South Africa recently had to appeal to the government of Canada to desist from recruiting its medical professionals. In the rural province of Saskatchewan, Canada, more than 50 per cent of doctors are foreign trained and at least 1 in 5 of the 1,530 doctors there earned their first medical degree in South Africa.

However, it may become even tougher to stem the outward flow of skilled professionals from developing countries in future. With falling birth rates and aging populations, demand for labour in Northern countries is forecast to grow, as younger people are needed to maintain productivity. In poorer countries, millions will continue to seek opportunities in richer countries to find better paying jobs and raise their standards of living. And in a globalizing world, where the dominant economic paradigm promotes the free movement of capital, it will become increasingly difficult to restrict the free movement of skilled labour.

According to UN Secretary-General Kofi Annan, there is a clear need for international cooperation. "There are no easy choices or simple solutions," he says. ■

AFRICA AGENDA

10-15 August 2003, (Nigeria) — Conference of the African Council for Communication Education. E-mail <asdebeer@lantic.net>

28-29 August 2003, Almaty (Kazakhstan) — Ministerial Conference of Landlocked and Transit Developing Countries and the Donor Community on Transit Transport. Contact Mr. Sandagdorj Erdenebileg, tel (212) 963-7703, fax (917) 367-3415, e-mail <erdenebileg@un.org>, web site <www.un.org/ohrlls>

6-7 September 2003, Helsinki (Finland) — UNU/WIDER conference on 'Sharing Global Prosperity.' Tel (358-9) 615-9911, e-mail <wider@wider.unu.edu>, website <http://www.wider.unu.edu>.

8-10 September 2003, New York (USA) — Annual Conference for Non-Governmental Organizations (NGOs) associated with the UN Department of Public Information. This year's theme is "Human Security and Dignity: Fulfilling the Promise of the United Nations." Fax (212) 963-2819, website <www.un.org/dpi/ngosection>.

9-12 September 2003, Delft (Netherlands) — Water Information Summit 2003. Contact Ingeborg Krukkert, IRC, tel (31-15) 219-2985, fax (31-15) 219-0955.

10-14 September 2003, Cancún, (Mexico) — Fifth World Trade Organization ministerial conference. Contact WTO, tel (41-22) 739-5111, fax (41-22) 731-4206, e-mail <enquiries@wto.org>, website <http://www.wto.org>.

14-20 September 2003, Edinburgh, Scotland (UK) — International Conference on Tropical Savannas and Seasonally Dry Forests. Tel (44-131) 440-0400, fax (44-131) 440-4141.

17-19 September 2003, Catania (Italy) — International Conference on Modelling, Monitoring and Management. Tel (44-238) 029-3223, fax (44-238) 029-2853, e-mail <shobbs@wessex.ac.uk>, website <www.wessex.ac.uk/conferences/2003/air/03/index.html>.

21-26 September 2003, Nairobi (Kenya) — The 13th International Conference on AIDS and STIs in Africa, on the theme of access to care. Tel (254-2) 2715109, fax (254-2) 2711072, e-mail <icasa2003@todays.co.ke>.

21-28 September 2003, Quebec City (Canada) — World Forestry Congress. Tel (418) 694-2424, fax (418) 694-9922, e-mail <secgen@wfc2003.org>, website <www.wfc2003.org>.

23-24 September 2003, Dubai (UAE) — Annual Joint Meetings of the IMF and World Bank. Contact <www.imf.org/external/am/index.htm>.

23-30 September 2003, Dehradun and New Delhi (India) — International Conference on Ecorestoration. Tel (91-11) 610-7676 ext 2324, fax (91-11) 616-9926, e-mail <brij@nieindia.org>, website <http://www.nieindia.org/conferences.htm>.

29 September - 3 October 2003 Moscow (Russia) — World Conference on Climate Change. Tel (95) 252-0708, (95) 252-0708, e-mail <wcc2003@mecom.ru>, website <http://www.meteo.ru/sccc2003>.

1-3 October 2003, Adelaide (South Australia) — Annual Conference of the African Studies Association of Australasia. Theme is "Africa on a global stage: politics, history, economics and culture." Website <http://www.ssn.flinders.edu.au/global/afsaap/2003conference.htm>.

5-9 October 2003, Madrid (Spain) — 11th World Water Congress. Tel (618) 453-2671, e-mail <wwater2003@cedex.es>, website <www.cedex.es/iwracongress2003>.

8-9 October 2003, Johannesburg (South Africa) — Fifth African Development Finance Conference and Awards. Contact Dina Potgieter, tel (27-21) 918-4469, e-mail <dinap@acia.sun.ac.za>.

WHAT HAS TAKEN PLACE

10-12 June 2003, Durban (South Africa) — 3rd International Conference of the International Society for Equity in Health, on the theme "pathways to equity in health: using research for policy and advocacy." Website <http:/www.iseqh.org/en/index.htm>.

17-22 June 2003, New Brunswick, NJ (USA) — 4th World Congress of African Linguistics. E-mail <wocal4@rci.rutgers.edu>.

13-16 July 2003, Paris (France) — 2nd International AIDS Society Conference on HIV Pathogens and Treatment. Tel (33-01) 40 64 20 00, fax 33(01) 30 64 20 50.

AFRICA BOOKS

Imagine There's No Country: Poverty, Inequality, and Growth in the Era of Globalization by Surjit S. Bhalla (Institute for International Economics, Washington, DC, 2002; pb $28)

Etat et acteurs emergents en Afrique by Yann Lebeau, Boubacar Niane, Anne Piriou and Monique de Saint Martin (Editions Karthala, Paris, 2003; 352 pp; €26)

The African Studies Companion: A Guide to Information Resources, ed. Hans M. Zell (Hans Zell Publishing Consultants, Glais Bheinn, Scotland, UK, 2003; £98.50; €158.00; $170.00, combined print and online version)

The Road to a New Africa: An Essay to the African People by Papa Yalae (Random House Ventures, New York, 2003; 657 pp; pb $24.64)

Popularisation of Science and Technology from Africa, eds. Mike Savage and Prem Naidoo (Commonwealth Secretariat, London, UK, 2002; 267 pp; pb £13.90)

Better Governance and Public Policy, eds. Dele Olowu and Soumana Sako (Kumarian Press, Bloomfield, CT, US, 2003; 288 pp; pb $26.95; hb $65)

Tunisie, le delitement de la cité by Sadri Khiari (Editions Karthala, Paris, 2003; 208 pp; €18)

Bouleversements fonciers en Méditerranée by Mohamed Elloumi and Anne-Marie Jouve (Editions Karthala, Paris, 2003; 384 pp; €28)

International Trade, Growth and Development by Pranab Bardhan (Blackwell Publishing, Malden, MA, US, 2002; 320 pp; hb $74.95; pb $39.95)

Shifting Burdens: Gender and Agrarian Change Under Neoliberalism, ed. Shahra Razavi (Kumarian Press, Bloomfield, CT, US, 2002; 288 pp; pb $29.95)

Continent of Mothers, Continent of Hope: Understanding and Promoting Development in Africa Today by Torild Skard (Zed Books, London, 2003; 256 pp; pb £14.95, $22.50; hb £45.00, $65.00)

Agrarian Studies: Essays on Agrarian Relations in Less-Developed Countries, eds. V.K. Ramachandran and Mandhura Swaminathan (Zed Books, London, 2003; 600 pp; pb £19.95, $29.50; hb £55.00, $75.00)

Capacity Building for a Reforming African Power Sector, eds. Mengistu Tefferra and Stephan Karekezi (Zed Books, London, 2003; 320 pp; pb £15.95, $25.00; hb £49.95, $75.00)

Hostels, Sexuality and the Apartheid Legacy: Malevolent Geographies by Glen S. Elder (Ohio University Press, Athens, Ohio, US, 2003; 192 pp; hb $49.95; pb $24.95)

Gender Budgets Make More Cents: Country Studies and Good Practices, eds. Debbie Budlender and Guy Hewitt (Commonwealth Secretariat, London, 2002; 150 pp; $16.95)

The Human Rights of Women: International Instruments and African Experiences, eds. Wolfgang Benedeck, Esther M. Kisaakye and Gerd Oberleitner (Zed Books, London, 2002; 336 pp; $29.95)

Music as Instrument of Diversity and Unity: Notes on a Namibian Landscape by Minette Mans (Nordiska Afrikainstitutet, Uppsala, Sweden, 2003; 55 pp; SEK100)

Afrique 2025 by Futurs africains (Editions Karthala, Paris, 2003; 200 pp; €18)

Multi-Habitation: Urban Housing and Everyday Life in Chitungwiza, Zimbabwe by Ann Schlyter (Nordiska Afrikainstitutet, Uppsala, Sweden, 2003; 55 pp; SEK100, £7.95, $12.95)

African Political Parties: Evolution, Institutionalisation and Governance, ed. M.A. Mohamed Salih (Pluto Press, Sterling, VA, US, 2003; 372 pp; hb $75.00; pb $24.95)

International Trade and Political Conflict: Commerce, Coalitions and Mobility by Michael J. Hiscox (Princeton University Press, Princeton, NJ, US, 2002; 224 pp; hb $18.95, £13.95; pb $49.50, £35.00)

Ethiopia Since the Derg: A Decade of Democratic Pretension and Performance, eds. Siegfried Pausewang, Kjetil Tronvoll, Lovise Aalen (Zed Books, London, UK, 2003; 288 pp; pb £16.95, $29.95; hb £45.00, $75.00)

Islam, Sectarianism and Politics in Sudan since Mahdiyya by Warburg Gabriel (Hurst & Co, London, 2003; 252 pp; £16.95)

Reconstructing Health Services: Experiences of Health Care Reform in a Changing Policy Environment, ed. Kasturi Sen (Zed Books, London, 2003; 256 pp; pb £14.95, $22.50; hb £45.00, $55.00)

AFRICA WATCH

COTTON

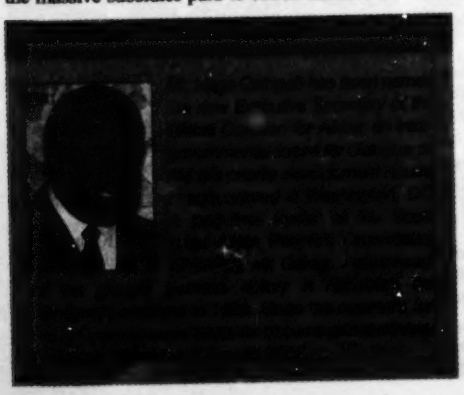
Africa challenges Northern subsidies

Four African nations have challenged the forthcoming World Trade Organization ministerial meeting in Cancún, Mexico, in September, to agree to rapidly phase out all production and export subsidies for cotton. The countries — Benin, Burkina Faso, Chad and Mali — are all heavily dependent on cotton and their economies have been hit hard by a depressed world market flooded with a highly subsidized crop from rich nations.

In a proposal submitted to the WTO in June, the countries stress that their "only specific interest" in the current round of negotiations, launched in Doha, Qatar, in 2001, is the elimination of cotton subsidies. "Our countries are not asking for charity, neither are we requesting preferential treatment or aid," President Blaise Compaoré of Burkina Faso told the WTO's trade negotiations committee. "We solely demand that, in conformity with WTO basic principles, the free market rule be applied."

The proposal, which is supported by 13 other West and Central African countries, calls on the Cancún meeting to set up a mechanism to progressively reduce subsidies and eventually eliminate them by a fixed date. As an immediate and interim measure, it suggests that farmers in least developed countries be compensated for losses incurred because of the subsidies.

In West and Central Africa, where more than 90 per cent of Africa's cotton is grown for export, cotton revenue fell by 31 per cent between 1999 and 2002, mainly as a result of the massive subsidies paid to cotton farmers in the US, Europe and China. While African cotton has many advantages — high quality and the world's lowest costs of production — it cannot compete with the subsidized cotton. President Compaoré noted that African producers are ready to face world competition, "on the condition that it is not distorted by subsidies." ■



NEPAD

'Peer review' leaders named

Six eminent African women and men have been appointed to begin directing the work of the African Peer Review Mechanism (APRM). Set up to further the goals of the New Partnership for Africa's Development (NEPAD), the mechanism is a system of "self-monitoring" by which African countries review each others' political and economic governance. The six initial members of the supervising panel were appointed by NEPAD's 15-member heads of state Implementation Committee at the end of May. More members will be appointed at a later date.

United Nations

Graça Machel

The first six members are: Ms. Graça Machel, a well-known Mozambican children's rights activist; Prof. Adebayo Adedeji, a Nigerian economist and former head of the UN Economic Commission for Africa; Ms. Marie-Angelique Savané, former head of the UN Population Fund's Africa Bureau, from Senegal; Mr. Bethuel Kiplagat, Kenya's former ambassador to France and the UK; Ms. Dorothy Njeuma, a former vice-minister of higher education in Cameroon and currently chancellor of the University of Buea; and Mr. Chris Staals, former head of the South African Reserve Bank.

"I have great confidence in the integrity of the sons and daughters of Africa who have been nominated to serve on this panel," Nigerian President Olusegun Obasanjo said when the names were announced.

The APRM is a voluntary mechanism, and will begin by conducting reviews of those African countries that have agreed to participate, in particular their policies, standards and practices relating to political governance and the rule of law, economic growth, sustainable development and regional integration. At the time the panel was named, 15 countries had indicated their willingness to join by signing the APRM's memorandum of understanding: Algeria, Burkina Faso, Cameroon, Republic of Congo, Ethiopia, Gabon, Ghana, Kenya, Mali, Mozambique, Nigeria, Rwanda, Senegal, South Africa and Uganda. ■

DEMOCRATIC REPUBLIC OF CONGO

New government, but peace uncertain

A new transitional government is being established in the Democratic Republic of Congo (DRC). As we went to press, four vice-presidents were to be sworn in. Those posts and other ministerial positions are being shared out among representatives of the former government of President Joseph Kabila, major armed groups and the unarmed opposition, all of which have been engaged in prolonged and difficult negotiations. Mr. Kabila is to remain president until elections can be organized.

Even as the talks continued before the signing of an agreement on the new government last December, new fighting flared in northeastern DRC between two previously unknown militias believed to be supported by neighbouring Uganda and Rwanda. It was the latest fighting in a conflict that has drawn in seven African countries at one time or another.

"The final obstacle to movement towards peace in the DRC has been removed," South African President Thabo Mbeki said in Pretoria following the agreement's signing. But Mr. Aziz Pahad, deputy minister of foreign affairs, was more cautious: "Getting the transitional government going was the first hurdle. Others are still to come. I hope the international community will not remain complacent."

The agreement excludes the two warring militias in Ituri, in northeastern DRC, that have engaged in months of fighting for control of Bunia, the provincial capital. The groups have massacred civilians and fired on thousands seeking refuge in the compound of the UN peacekeeping force, says UN Deputy Emergency Relief Coordinator Carolyn McAskie.

The situation only stabilized after a multinational peacekeeping force was deployed to secure Bunia and protect civilians. UN Under-Secretary-General Jean-Marie Guehenno told the Security Council on 7 July that Bunia has been a "weapons free zone" since 25 June. ■